Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1200	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ..... Pta 100
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia . Rin 4.25	Taiwan ... NT $35
France .. FFr 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 180
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines . Pes. 20	

ØØ

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,428 — Friday September 21 1984 — D 8523 B

Economic gurus in Mondale's 'think tank', Page 8

NEWS SUMMARY

GENERAL

Moscow accepts N-plant visits

The Soviet Union has agreed to open some of its nuclear reactors to inspection by the International Atomic Energy Agency and put them under its safeguards system.

The agency said it expected Moscow to admit its nuclear safeguards inspectors for the first time before the review conference of the Non-Proliferation Treaty next August.

The inspectors verify that civil nuclear facilities of nations party to the treaty are not being used for military purposes. Page 16

HK treaty cleared

Britain's Cabinet approved a draft treaty on the 1997 handover of Hong Kong to China, ready for initialling in Peking next week. Residents in the colony showed revived confidence in their future by buying on local stock exchanges, which took the Hang Seng index above 1,000 for the first time for 4½ months. Pages 16 and 33

Hawke weeps

Australia's Prime Minister Bob Hawke broke down and wept when questioned by journalists about allegations on organised crime made against him by opposition leader Andrew Peacock. Page 16

Meese cleared

A special prosecutor cleared White House counsellor Edwin Meese, President Reagan's nominee for Attorney General, of allegations of criminal conduct in his financial dealings.

Rao wins key vote

N. T. Rama Rao, Chief Minister of Andhra Pradesh state in south India, won a crucial vote of confidence in his government. Page 4

Sri Lanka deaths

Separatist guerrillas shot dead five people in Sri Lanka's troubled northern district of Jaffna and tied their bodies to lamp posts.

Athens reshuffle

Greek Commerce Minister Vassilis Kedikoglou was replaced by Nikos Akritides in a Cabinet reshuffle. Page 2

Nicaragua election

Nicaragua's Government may postpone the November 4 election to let the right-wing CD alliance stand. Page 8

Rare atlas sold

The first English national atlas, dated 1579, was sold at Phillips' London saleroom for £50,000 ($61,000).

Begin operation

Former Israeli Prime Minister Menachem Begin was resting comfortably after a successful prostate gland operation in Jerusalem.

Jogging ban

The Soviet authorities have banned jogging in Moscow streets and ordered Western embassies to stop their staff taking part in "fun runs." Page 2

GM deadlock talks

Union and management negotiators attempted to break the deadlock in the talks over a new wages contract at General Motors, which has suffered strikes in 17 of its plants. Page 8

Red Sea blast

A merchant ship reported it had been damaged by a suspected mine in the Red Sea, the first such explosion since a spate of them in early August. Page 4

BUSINESS

Currency losses at Murdoch company

NEWS CORPORATION, the master company of Mr Rupert Murdoch's business empire, yesterday blamed "serious misjudgment of the international money markets" as the main reason for an extraordinary loss of A$60.42m ($50m) in the year ended June. Excluding the loss, the group's consolidated net profit was A$95.87m. Page 17

DOLLAR resumed its upward climb in London, rising to DM 3.1265 (DM 3.0945), to a record FFr 9.595 (FFr 9.495), SwFr 2.559 (SwFr 2.534) and Y247.2 (Y245.8). Its trade-weighted index was at a new high of 143.3 from 142.4. In New York it closed at DM 3.1410, FFr 9.6275, SwFr 2.567 and Y247.65. Page 43

STERLING was weaker in London, falling 1.55 cents to an all-time low of $1.2215. It also dropped to DM 3.8925 (DM 3.83), FFr 11.8975 (FFr 11.76), SwFr 3.1225 (SwFr 3.135) and Y301.75 (Y303.75). Its trade-weighted index fell to 76.3 from 76.9. In New York, it closed at $1.217. Page 43

WALL STREET: The Dow Jones industrial average closed 3.53 up at 1,216.54. Section III

LONDON shares were initially buoyed by institutional buying but the FT Industrial Ordinary index finished 3.6 down at 868.2. Section III

TOKYO shares declined in dull trading as the Nikkei Dow market average closed down 30.96 to 10,521.34. Section III

GOLD dropped $2.25 an ounce on the London bullion market to $338.00. It was also lower in Frankfurt at $338.75 and in Zurich at $338.25. In New York, the Comex September settlement was $342.4. Page 42

U.S. MONEY SUPPLY: M1 rose $7.8bn to a seasonally-adjusted $552.7bn in the week ended September 10.

ROWNTREE MACKINTOSH, the UK Kit Kat and Quality Street confectionery group, achieved a 40 per cent increase in taxable profits from £16.1m ($19.6m) to £22.6m over the 24 weeks to June 16. Page 21; Lex, Page 16

RCA of the U.S. and Hitachi of Japan are abandoning efforts to sell the video disc system in Britain. Only 5,000 players have been sold since last October, against a target of 125,000 by the end of this year. Page 10

ZÜNDAPP-WERKE, West German motorcycle maker with a string of racing trophies to its name, has gone bankrupt. About 700 employees will lose their jobs.

DAIMLER-BENZ said its worldwide sales would increase this year despite the German metalworkers' strike, and hinted that its dividend would also be unaffected. Page 17

MALAYSIA'S Bank Bumiputra, 90 per cent owned by the state oil company Petronas since its rescue after the Hong Kong property market collapse, suffered a net loss of ringgits 974m ($412m) last year. Page 18

HONG KONG'S Mass Transit Railway Corporation may be unable to repay its debts of HK$15bn (U.S.$1.9bn) before the territory reverts to Chinese control in 1997. Page 17

ASHLAND, the biggest U.S. independent oil refiner, is selling most of the businesses it acquired in a $640m diversification programme in 1981 and will take a $270m write-off as a result. Page 17

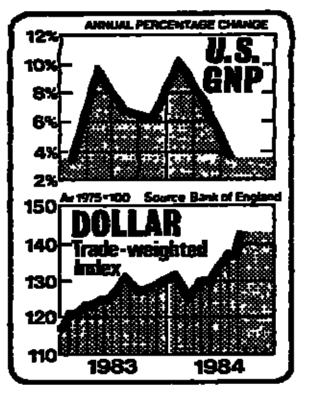
SOCIÉTÉ Générale d'Entreprises, French construction group, is cutting its domestic workforce of 19,000 by 3,500 because of the recession in the building industry.

Dollar up sharply after U.S. growth estimate of 3.6%

BY STEWART FLEMING IN WASHINGTON AND PHILIP STEPHENS IN LONDON

THE U.S. economy has slowed sharply in the third quarter, with real growth at an estimated annual rate of 3.6 per cent, almost halved from the revised 7.1 per cent rate reached during the second quarter, the Commerce Department reported yesterday.

Along with this first "flash" estimate for inflation-adjusted gross national product (GNP), the Department also predicted a further slowing in the pace of inflation to an annual rate of 2.9 per cent from the second quarter's 3.3 per cent, as measured by the GNP price deflator, the broadest measure of inflationary pressures.



The announcement of the GNP figure was followed by a renewed surge in the value of the dollar, which swept to fresh highs against other principal currencies in frantic afternoon trading.

The dollar closed in London at DM 3.1265, up 3.2 pfennigs on the day and the highest level since the introduction of floating exchange rates in 1973. It also reached record levels against the French franc, Italian lira, and several other European currencies.

Sterling, which was additionally unsettled by fears that other British trade unions might step up support for the country's striking mineworkers, fell 1.55 cents to a record low of $1.2215.

Smaller losses against other currencies were reflected in a 0.6 point drop in the pound's trade-weighted index to 76.3, its lowest level since 1976.

For the Reagan Administration, the combination of low U.S. inflation and steadier growth represents the most favourable economic background it could hope for in the run-up to November's Presidential election. Officials in Washington seized on the news to argue that, as they have been predicting, the economy – which grew at an unsustainable 10.1 per cent rate in the first quarter of this year – is slowing to a pace that will help to ensure further expansion next year.

Mr Malcolm Baldrige, Commerce Secretary, said: "The flash GNP report, together with other data and continuing low inflation, provides evidence that the economy has shifted down to a more moderate and sustainable growth rate."

On its current path, Mr Baldrige said U.S. economic growth in 1983 and 1984 would represent the best two-year performance for more than 30 years.

Yesterday's GNP figure, and other data such as retail sales figures and housing starts, which have also been pointing towards easier growth, will also reduce the risk of another rise in interest rates ahead of the election.

Many private economists agree with Administration officials about

Continued on Page 16

Mondale's economic solution; Page 8; Lex, Page 16; Wall Street report, Page 33; Money markets, Page 43

Brussels aims to curb output of surplus wine

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission yesterday proposed drastic new measures to stem the flood of surplus wine production that threatens to drain the Community's overspent budget.

At the same time, it decided to slow down the payments being made to national intervention boards, which buy up surplus farm produce, in an effort to eke out the Community's strained resources.

The two moves followed the weekly meeting of the Commission in Brussels, after the failure on Monday and Tuesday to agree on a supplementary budget for the current year, or to finalise measures to curb wine production.

The wine measures would put that sector on a par with the dairy industry as a target of production curbs, although those stop short of fixing actual production quotas for individual countries or regions.

They would set a ceiling on the Community-wide production of table wine, above which the surplus will be compulsorily distilled at half the guaranteed price. If output rises still higher, the price would be cut by 66 per cent, according to the plan.

The proposals seem certain to run into furious opposition from Italy, which is by far the largest producer of table wine in the Community. However, a consensus exists among other EEC members that drastic measures are needed to cope with a wine lake which already contains more than 3bn litres, and which will grow very much faster if nothing is done before Spain joins the Community, intended to be in 1986.

Mr Michael Jopling, the British Agriculture Minister gave a warning this week that the EEC faced a problem "of catastrophic proportions" over wine. He calculated that already a third of all the table wine produced in the Community would have to be distilled in the coming year, rising to half the total production after five years if no curbs can be agreed.

The Commission proposals set a "guarantee threshold" of 10bn litres of table wine throughout the EEC, above which compulsory distillation would come into force. The threshold has been set at a level below the lowest level of production of recent years, and well short of the peak 12.9bn litres produced in 1979.

Measures already proposed, but yet to be agreed because of Italian opposition, include a price freeze and further incentives to persuade Italian and French wine farmers to switch to other crops. They also propose a restriction on adding sugar to increase the alcohol content of wine, a practice widely used in West Germany and Luxembourg.

All the plans are to be discussed, and if possible agreed, by agriculture ministers at a special council meeting on wine in Luxembourg on October 1 and 2.

The Commission also fired a warning shot to the foreign and finance ministers who will be meeting at the same time, by cutting its advance payment to the national intervention boards on farm produce to only 40 per cent of the Ecu 1.75bn ($1.27bn) requested for October – compared with 50 per cent paid out at this time in previous months, and 100 per cent in former years.

Editorial comment, Page 14

EEC measures 'will cost jobs'

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

THE Confederation of British Industry (CBI) is spearheading opposition among European business federations to what it terms "social engineering" by the European Commission.

A CBI memorandum, published today, gives a warning that some 14 social and employment measures presently at various stages of development in the Commission will hamper competitiveness and profitability and – contrary to declared intention – lead to fewer jobs.

The measures criticised by the CBI include the draft ("Vredeling") directive on employee consultation (now stalled indefinitely), proposals on shorter working time to create greater labour demand, a draft directive on parental leave, a draft directive on temporary work and a draft recommendation on the promotion of positive action for women.

CBI officials accept that those objectives are often laudable in themselves and that the various proposals and directives are often substantially modified or even indefinitely delayed. They believe, however, that the trend of potential legislation from the Commission is, in the contemporary business environment, a burden to companies

The CBI suggests:

- That any proposal in the social field "be required to demonstrate beyond reasonable argument that its provisions would at worst imply a neutral impact on the competitiveness of European industry."
- Agreement on a "recommendation on the conditions for improved business performance," which would identify growth as the primary objective, competitiveness as an essential requirement of it, and the removal of obstacles to improved business performance."

Its document says, "There is no evidence from the recent performance of EEC companies that they enjoy a competitiveness margin against the rest of the industrialised or industrialising world or a level of profitability and investment that allows now for any relaxation.

"Quite the opposite is the case. Compared with the rest of the world, Europe's competitiveness has declined by one third in the past 20 years and there has been a serious fall in Europe's share of world trade. In such circumstances social engineering, unchecked, will help least the people it purports to help most; and beyond the very short term, perhaps, will be to the advantage of nobody."

Reagan firm after Beirut embassy blast

BY NORA BOUSTANY IN BEIRUT, REGINALD DALE IN WASHINGTON AND OUR TEL AVIV CORRESPONDENT

AT LEAST 20 people were killed, including two Americans, and dozens were wounded or are missing after a suicide bomb attack on the *main U.S. embassy building in East* Beirut yesterday.

President Ronald Reagan said afterwards that the U.S. would not be driven out of Lebanon by terrorism. He reiterated that "our commitment to peace remains firm" and blamed "the worldwide terrorist movement" for the attack.

Both the U.S. and British ambassadors to Lebanon were hurt in the attack which devastated the embassy and blew a crater eight-feet deep in the road outside.

The Islamic Jihad organisation claimed responsibility for the blast and warned that attacks would continue until all Americans left Lebanon.

The same organisation, thought by Western governments to be supported by Iran, said it carried out the bombing of the U.S. embassy in West Beirut in April 1983, in which 63 people died; the attack on the U.S. Marines barracks last October, which killed 241; and the attack on the French barracks the same day, which left 58 dead.

Mr Reagan said Americans were threatened by terrorists all over the world and that the Administration would do whatever it could to protect them, "but you cannot crawl in a hole."

Mr George Shultz, Secretary of State, set up a special operations *centre as soon as the news of the at*tack reached Washington shortly after 5am local time. He despatched an investigation team to Beirut, headed by Mr Richard Murphy, assistant Secretary of State for the Middle East.

Before leaving Washington, Mr Murphy said he was satisfied that security at the embassy had been adequate. State Department officials, however, said the embassy had been warned on September 9 to increase security, after threats to U.S. and Israeli installations by the Islamic Jihad.

Only two months ago U.S. embassy personnel were moved to the new building in East Beirut, which was known locally as "fortress America" because of its elaborate security precautions.

That, however, did not prevent an explosives-packed van carrying diplomatic number plates from driving past security guards and a series of concrete barricades to within about 15 yards of the building's entrance. Embassy guards opened fire on the

Continued on Page 16

Jolt for Reagan, Page 8

R. J. Reynolds sells its energy units to Phillips

BY WILLIAM HALL IN NEW YORK

R. J. REYNOLDS, the U.S. tobacco giant, is to sell Aminoil, the second biggest independent oil company in the U.S., to Phillips Petroleum for $1.7bn in cash.

The move will significantly increase Phillips's U.S. oil reserves. R. J. Reynolds says it will use much of the proceeds to repurchase its own shares in the market. The sale is the second big step by R. J. Reynolds to reorganise its business and concentrate on the consumer products and service industries. Earlier this year it spun off Sea-Land, the container shipping group.

Phillips, which will also buy Reynolds's Geysers Geothermal company, says that Aminoil's proven reserves of oil and natural gas total 245m barrels of oil equivalent. It says the purchase cost is approximately $5.40 a barrel of oil equivalent, after reducing the purchase price by the value of undeveloped acreage and Geothermal properties.

Phillips estimates that the addition of Aminoil's domestic reserves will increase its U.S. oil and gas reserves by 20 per cent and will boost its U.S. oil and natural gas production by 29 per cent. Most of Aminoil's production is located in the Gulf of Mexico and California.

R. J. Reynolds got into the oil business in 1970 when it bought Aminoil for $55.5m. In 1976 it bought Burmah Oil's U.S. properties for $522m in a big expansion of its energy business. Aminoil's earnings have been declining in recent years and in 1983 it earned $190m from operations on sales of $1.2bn.

The deal is the second important move by Phillips to boost its U.S. reserves through acquisition. Last year it paid $1.14bn for General American Oil Company, adding 82m barrels of crude oil reserves.

Marathon North Sea contracts, Page 16

Chinese ensure justice is seen to be done

By Alain Cass in Simao, Southern China

THE TUMBRILS were out in Simao yesterday, a small town in the remote Chinese province of Yunnan, which borders Vietnam, Laos and Burma.

Public justice was being administered, the town was in a festive mood.

Workers were given the morning off. Schoolchildren were excused classes. Streets were alive with people dressed in colourful ethnic costumes, for a spectacle that foreigners almost never witness. But public justice in Communist China today is what revolutionary justice was to Robespierre's France.

Thousands of people gathered in the town's basketball stadium to watch 50 criminals be sentenced publicly for crimes that included theft, corruption, rape and witchcraft. Those about to be sentenced lined up in two long rows facing the crowd, which buzzed with the expectancy of a theatre audience before the curtain.

The criminals, their hands bound behind their backs, stood motionless, their heads shaved and bowed. They included two young girls. Behind each of them was a heavily armed escort. The youngest criminal, a teenager, looked up briefly, only to have his head pushed down again.

Above them sat court officials in the style of monastic magistrates. As the sentences were read out they were steadily refreshed by cups of jasmine tea.

Around the stadium heavily armed militiamen and People's Liberation Army soldiers carrying automatic weapons kept a watchful eye on the crowd. The power of the state was on show for all to see.

Above the daïs a huge banner proclaimed: "Severe punishment for common criminals and nothing to do with politics" – presumably so that the spectacle was not mistaken for the settling of political scores between Chinese left and right-wing factions.

As each defendant's crime was read out, he or she was frog-marched to a small rostrum, head pushed down in contrition. Justice was summary and swift. Each sentence, read out over six loudspeakers, lasted a matter of seconds.

One man in his middle thirties, accused of rape, drew a gasp from the crowd, which had to be told to calm down by marshals in white uniforms.

An official found guilty of defrauding the state of some $3,700 received a nine-year sentence. Beside

Continued on Page 16

CONTENTS

EUROPEAN NEWS

Bonn faces tough fight over car pollution plan

BY RUPERT CORNWELL IN BONN

A CHORUS of misgivings and thinly veiled threats from both inside and outside West Germany suggests that Bonn could have a tough battle on its hands to secure compulsory introduction of low polluting cars from 1988 and 1989 onward.

On the home front the two opposition parties, the Social Democrats (SPD) and the Greens bitterly accused the centre-right Government of bowing to pressure from the powerful motor industry lobby here in putting back the scheme by three years from the previously mooted 1986.

But in heated parliamentary exchanges, Herr Friedrich Zimmermann, the Interior Minister, retorted that politics "was not Utopia, but the art of the possible." He repeated the Government's hostility to the idea of swingeing speed limit curbs until 1989, as a means of reducing the nitric oxide pollution caused by conventional car exhausts.

On the other side of the scales, West Germany's EEC partners—and to a lesser extent the domestic car manufacturers—have intimated their unhappiness with the possibility that Bonn might go it alone in four years' time.

If it did, of course, motor companies from elsewhere in the Community would be severely penalised in their efforts to export to what is the largest single market in Europe.

Most ominous, perhaps, was a letter earlier this week from M Laurent Fabius, the French Prime Minister, to Chancellor Helmut Kohl, asking that consideration be given to the interests of other EEC members, "so that no difficulties arise."

For its part, the federation of French car producers, who, along with Italian companies, stand to lose most if the 1988-1989 start-up date is maintained, protested yesterday that Bonn had acted against the Treaty of Rome.

The federation warned such a move would only lead to an increase in imports from Japan, where catalytic converters are already commonplace. A separate French argument, which echoes that of Britain, is that converters enabling vehicles to burn lead-free petrol may already be an obsolete technology, destined to be overtaken soon by the concept of the so-called "lean-burn" engine.

West German car manufacturers are also clearly less than overjoyed at the idea. Daimler-Benz yesterday professed itself ready to go along, but on the condition that allowance was made for larger engined cars, and that lead-free petrol be made available everywhere in Europe.

Despite this, and the complaint that nitric oxide pollution from car exhausts has not been proved to be a prime cause of environmental damage, the Government seems determined to go ahead.

It claims that by dropping the 1986 target date, it has allowed plenty of time for the Community, which has previously suggested the date of 1995, to fall into line with Bonn's thinking.

If not, however, the Government is prepared to go ahead, resting its cause upon Article 36 of the Treaty of Rome which permits a member to act unilaterally if its environment is seriously endangered. Officials point no further than the rapid and extensive damage already suffered by the country's forests.

Nato payment accord in sight

BY OUR BONN CORRESPONDENT

AN END to the long-running dispute over how much to spend to improve Nato's operational infrastructure in Europe seems in sight, following the offer of a higher contribution from West Germany.

The argument has essentially been between Bonn and Washington, which together cover in almost equal proportions, 53 per cent of such expenditure each year.

Previously, the Government here had been willing to sanction only $6bn of new outlays between 1985 and 1990, of which its share would have been $1.59bn. Now, however, it has signalled that it is prepared to accept an increase of around 30 per cent.

Although this would still be well below the $10bn for which the Reagan Administration was holding out when Herr Manfred Woerner, the West German Defence Minister, paid a tense visit to Washington in July, observers reckon it should satisfy the U.S.

Assuming Nato's two biggest paymasters do reach an accomodation, the new figure will still have to be approved by other alliance nations and by the West German Bundestag. If the modernisation programme is to begin on schedule, it must be ratified by Nato ministers at the start of December.

The lion's share of the funds is earmarked for improving communications and military pipelines, as well as facilities for receiving the U.S. troops and aircraft which would be rushed to Europe in time of emergency.

● West Germany's Christian Democrats yesterday criticised the opposition Social Democrat Party for holding talks with East German Communist Party leaders on creating a chemical weapons-free zone in Europe, Reuter reports. The talks, which opened in East Berlin in July, were resumed in Bonn yesterday.

They said the SPD was going against the West's agreed negotiating position that chemical weapons must be banned worldwide. An agreement confined to Europe would not be properly verifiable and would only provide an illusory security.

Papandreou alters team with eye on election

By Andriana Ierodiaconou in Athens

THE GREEK Commerce Minister, Mr Vassilis Kedikoglou, is one of the main casualties of cabinet changes carried out yesterday by Mr Andreas Papandreou, the Prime Minister.

The reshuffle represents a final marshalling of the Socialist forces before next year's general elections, said a government spokesman. A change has been in the offing since last June's European Parliament elections in which the Socialists performed poorly in the urban areas.

Mr Kedikoglou became the third man in Socialist Government to occupy the Commerce Ministry hot seat since last February. He has had a controversial career since then, much of which has been spent at daggers drawn with the business community over sweeping plans to limit prices and profits.

It was not immediately clear yesterday whether these plans will now be abandoned in favour of the demand by industry for a free market system. But this move is thought to be favoured by the Economy Ministry which sets overall economic policy.

The new minister is Mr Nikos Akritides (49), who until now has held the Transport portfolio. A former physics teacher, he has been a Socialist MP since 1977.

The second minister to lose his job yesterday was Mr Antonis Tritis, the popular but benighted Minister for the Environment and Urban Planning, who has become a symbol of the party's failure to implement promised Socialist reforms. This is thought to have been responsible for the loss of support in the main cities last June.

The task of ridding Athens of its infamous Nefos, or pollution cloud, now passes to Mr Evangelos Kouloumbis (55), a civil engineer who moved from the Ministry of Energy and Natural Resources.

FIFTH LOAN IN FIVE MONTHS RAISES QUESTIONS ABOUT CASH NEEDS

Moscow returns to Euromarkets

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THIS WEEK'S DM 500m (£131m) loan to the Soviet Union brings to five the number of major Soviet borrowings in the Euromarkets in as many months, and raises the question of the extent of the country's cash needs in the face of very large grain import requirements this year.

According to estimates released yesterday by the International Wheat Council, of which Moscow is a member, the Soviet Union will have to import as much as 46m tonnes of grain, 15m tonnes more than last year, because its 1984 harvest may be as low as 170m tonnes, compared to 197m tonnes last year.

Most bankers and observers, however, discount any idea that Moscow faces a real financial crunch. Despite the lack of information about Soviet debt maturity schedules, bankers in West Germany where Commerzbank is managing the latest Soviet loan believe that Moscow is in fact refinancing old loans, lest its stock of debt fall to undesirably low levels.

Mr Jan Vanous of Wharton Econometrics, the U.S.-based research organisation, also cautioned yesterday against assuming that the spate of publicised Soviet borrowings, after several years' absence from the syndicated loan market, meant an increase in overall borrowing.

It was more likely to be simply a switch away from privately placed loans and more of a "public relations" exercise to further "legitimise the resumption of Western lending to the Soviet bloc."

Last month's $50m bond issue by Moscow Narodny Bank, the first-ever Soviet venture into the Eurobond market, is held to be a mak of increasing Soviet financial sophistication and desire to tap as many sources as possible.

With very large reserves and a net debt of only $9bn at the end of last year, according to Wharton Econometrics, the Soviet Union is certainly solvent. According to the Bank for International Settlement figures, Soviet borrowing increased by $1.3bn in the first quarter of this year, but its deposits in Western banks went up even more, by $1.8bn.

This is part of the fruit of an exceptionally large hard currency trade surplus of $2bn in the first half of this year, compared to a $366m deficit in the same period of 1983.

But this surplus was due less to increased exports than to sharp cuts in non-food imports from the West, an indication that Moscow may have known early on of its heavy grain import bill impending later this year. It started buying grain in the U.S. market exceptionally early this summer.

An Izvestia newspaper report this week expressed concern about the 1985 crop because of "second rate" seed, which was also held to be part of this year's problems.

Present market prospects for *staple Soviet exports—oil, gold,* diamonds, arms—are not good. The country has just raised its official crude oil price by 25 cents to $28 a barrel, but this is still short of the $32 level which obtained until July.

Soviet gold and diamond sales have remained low because of weak prices, while, according to Wharton Econometrics, the volume of arms sales to the Third World has fallen off this year, with only Iraq and India still buying in any quantity.

Although total Soviet exports to developing countries rose by 15 per cent in current dollar terms in the first six months of this year, Mr Vanous points out that the Soviet Union is not immune from the effects of the Third World cash problems. It may be having to sell more on credit to developing countries, and, if so, faces a cash flow problem of its own.

Thus, the more than $600m which Moscow has raised so far this year in the Euromarkets is in the nature of bridging finance, to tide it over until better times.

British experts optimistic on East-West talks

MOSCOW—A group of British military and foreign relations experts said yesterday that four days of talks with Soviet officials had given them hope that Moscow would soon resume East-West nuclear arms talks.

The group, which took part in the annual Edinburgh Conversations held alternately in Moscow and the Scottish capital, said their Soviet partners had made clear Moscow was keen to return to the negotiating table.

Retired Admiral James Eberle said he would be reporting to the British authorities on several ideas aired at the meeting which could point a way forward to reviving stalled talks on both medium-range and strategic weapons.

"There is now a genuine feeling on both the Soviet and the American side that they want to talk about these issues," he added.

Reuter

Materialism blamed for Hungary's rise in crime

BY LESLIE COLITT IN BERLIN

A SHARP rise in robbery and theft in Hungary has been blamed by the Justice Minister on growing materialism.

Dr Imre Markoja told the Communist party newspaper, Nepszabadsag, that "material motives" are becoming more important in every area of life, along with efforts to achieve the "greatest possible material prosperity."

A growing number of Hungarians merely want "quick gain without working" and are ready to use any means, he said. Another reason for the increase in property crimes was the rise of a "criminal underworld" in Hungary, although not a very large one.

Sixty per cent of all crime in Hungary is committed against property, and last year theft and robbery of private property rose *10.5 per cent, and of state property* by 2.8 per cent.

Violent "criminal bands" were the most dangerous lawbreakers in Hungary, said Dr Markoja, followed by those who "besmirched" public life, thus weakening confidence in the policies of the Hungarian Government. By this, he apparently meant the growing number of officials found guilty of corruption and other crimes.

He admitted that, although 42 per cent of all crimes in Hungary were committed under the influence of alcohol, the Government derived considerable revenue from the alcohol tax. An "anti-alcohol" state commission was set up recently to "analyse" this question.

Juvenile delinqency, Dr Markoja remarked, was one of the most serious national problems although it affected only 1.6 per cent of young people between the ages of 14 and 18. "Administrative steps" could play only a secondary role in solving this problem, however, as young people were mainly influenced by the morality of their elders.

Mr Markoja acknowledged that the crime rate among Hungary's large population of gypsies was twice as high as in the rest of the population. This was not an "ethnic question," but arose because gypsies were "often underprivileged"

Critics speak out over Yugoslav austerity policy

By Aleksandar Lebl in Belgrade

NEARLY four years of International Monetary Fund supervision of the Yugoslav economy are causing conservative Communist Party politicians and economists to complain of un-Marxist monetarist and austerity measures.

The Yugoslav authorities seem to be tolerating increasingly vocal criticism by hard-line dogmatists of IMF programmes, enshrined in the government's stabilisation policies, in contrast to the harsh treatment meted out to liberal dissidents who question aspects of the political system.

Under fire are the IMF-sponsored policies of high interest rates and currency depreciation which are seen by critics as fuelling inflation and increasing the many geographical and income differentials in Yugoslav society. One former high United Nations official, now back in Slovenia, has accused the IMF of perverting the country's stabilisation programme by "stopping its economic development."

Ironically, criticism of government and IMF policy has grown more vocal just as there are signs of good results. Industrial output has risen this year and, along with it the current account surplus, to $274m (£228m) in the first seven months. Even inflation seems to be abating, with a 27 per cent retail price increase between January and August. The government intends to seek further assistance from the IMF next year to help meet its heavy debt obligations.

Bonds draw more than £7m in private funds

BY LESLIE COLITT

MORE THAN Forints 500m (£7.8m) in private funds have been invested in Hungarian corporate and municipal bonds which have been issued since last year for the first time in post-war Eastern Europe. This is in spite of the fact that interest rates are lower than those paid by the national savings bank.

While sales of bonds to individuals were described as encouraging in Hungarian newspapers, there would be a "bear market if one existed," one writer noted, in the purchase of bonds by companies.

Individuals who bought bonds rarely tapped their savings accounts, according to the newspaper, Magyar Hirlap. However, bank officials said a lower than expected rise in savings deposits last year was partly due to the opportunity to buy bonds.

Less than 40 per cent of bond issues to individuals last year were placed and a number of these were bought because of *non-financial lures. Companies* and individuals in the Szeged area who bought Post Office bonds at 7 per cent are entitled to a telephone within three years. Similar terms were offered by a state construction company and a retail concern.

Hungarian companies, however, are described as keen to float bonds but less eager to buy them. This is so although bond yields range between 11.5 per cent and 16 per cent while the average earnings on capital investment in Hungary is said to be 9 per cent.

Madrid to pay £469m for power takeover

The Spanish Government has submitted a Bill to Parliament, providing for the nationalisation of the country's power grid through a majority state share in a joint company with private electricity concerns, Reuter reports from Madrid. Compensation for the National Association of Utilities is set at nearly Pta 100bn (£469m).

Moscow bans diplomats from street fun runs

MOSCOW—The Soviet authorities have given the thumbs down to jogging in Moscow streets and ordered Western embassies to stop their staff taking part in fun runs.

Diplomats said yesterday that a note to embassies from the Foreign Ministry said it had become known that dozens of foreigners were taking part in runs together through city streets, often in the rush hour.

Such activities could cause injury and "interfered with the normal life of the city. They should only be carried out in parks and in official said.

This referred mainly to a regular Monday evening fun run that has become something of a tradition for resident Western diplomats, businessmen and journalists, diplomats said.

In an incident last month, the Moscow representative of a European airline was briefly detained by security police as the Western group jogged down Gorky Street in the city centre.

Soviet health authorities have been promoting jogging in recent years and the sport has won some popularity. But Russian runners rarely exercise on streets and wear track suits rather than shorts, even in summer.

Reuter.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York NY 40022.

Giscard sets his sights again on political heights

David Housego sees the former French President return to the grassroots in his attempt to make a comeback.

FORMER FRENCH President Giscard d'Estaing has been campaigning in blustery autumn weather in the Massif Central in an attempt to make a political comeback that only his most faithful follower believe he can accomplish.

Driving his green Peugeot 505 along the mountainous lanes of the Puy de Dome, he has been speaking to groups of villagers in isolated communes like any first-time political candidate. It is, none the less, a constituency he knows well. He represented it in the National Assembly for 16 years before stepping down to succeed M Georges Pompidou—another native son of the Massif Central—as President in 1974.

He will pick up the reins again after Sunday's by-election in the Puy de Dome caused when the present deputy, M Claude Wolff, stepped aside to make way for M Giscard. "I find it natural," he explains, that Giscard should return to "his seat in the Assembly."

M Giscard's victory is not in doubt, though it is important in terms of his ambition to make a second assault on the presidency that he wins a thumping majority.

M Giscard: Lord of the manor

Politicians of the Left and Right have been unanimous in acclaiming the courage of a once proud and disdainful man to go back to the grass roots. But the prospect of his return to the National Assembly has provoked unease on the opposition benches. His immediate aim, as opposition deputies analyse it, is to reassert his authority over the 60-strong centrist UDF group.

Almost four in five of them have now swung their allegiance to M Raymond Barre, Prime Minister under M Giscard who is now well out-distancing him in the opinion pols.

There is a fear among the opposition that M Giscard will pursue his candidacy for the presidency to the point of provoking a first round run-off in 1988 with M Jacques Chirac, the Mayor of Paris. On the right that is seen as being a potentially calamitous replay of the 1981 presidential contest.

Bronzed, relaxed and talkative, M Giscard is a different man from the tired, aloof figure that the French saw on television bidding farewell to the nation as President in 1981. He tells English-speaking journalists that the Puy de Dome reminds him of the Scottish highlands. In tweed sports jacket or impeccably cut suit, he dresses and carries himself like the lord of the manor. But his distinguished appearance is a plus factor in a region where the formalities of class still count.

The constituency spills over into Clermont-Ferrand, the industrial city where the family-owned Michelin tyre company is still the main employer and presides over its destiny. The more easy going, back-slapping approach of M Jacques Chirac—surprisingly the deputy for the neighbouring constituency of the Correze—would be out of place, says one of M Giscard's followers.

On the campaign trail, the candidate is far from being the apostle of the new liberalism that he preaches in his recently published book "Two Frenchmen out of Three." At Ceyssat, he tells a packed municipal hall that "one of the first priorities is to get the construction industry going again." Unemployment in the Puy de Dome department has climbed to 21,000—"a figure never reached before"—because of the slowdown in public works programmes and cuts in Michelin's labour force.

At Olby and St Pierre Roche, he attacks the "unimaginable decision" to reduce milk production in mountain areas under the new EEC quotas agreed by the Socialist government to help reduce the milk surplus. "If there is no change of policy," he says, "the mountain areas will be abandoned."

Away from the election hurly-burly, he defends the interventionist policies that he pursued after the first oil shock—not withstanding his liberal beliefs—on the grounds that it was necessary to prevent an explosion of unemployment. He does not think that Mrs Margaret Thatcher's aggressive market-oriented approach could be followed in France.

He recognises that the Socialists have helped educate the French in the realities of the recession. But, in spite of their shift in policy, he believes that they remain wedded to bureaucracy and regulation.

In his book he quotes former Chancellor Helmut Schmidt of West Germany as saying that the reason why France had not emerged as a "very great country" is because of its "accumulation of rules, authorisations and interventions by the state that prevent enterprise and creativity."

If M Giscard is continuing in day-to-day politics long after many of his friends believe he should have stepped aside, it is largely because he believes he could achieve in a second term as President the liberalisation of the economy that he failed to accomplish in his first.

Peace has settled over Sweden's Social Democrats after the 'War of the Roses', writes **Kevin Done**

Watchful Palme keeps his flock from straying

"THE ROAD we are on is not broad and certain. Parts of it are narrow and difficult to negotiate, parts of it are no more than a tightrope over the abyss. If we make the wrong move there, the fall could be a long one."

Mr Kjell-Olof Feldt, Finance Minister in Sweden's Social Democratic Government and chief architect of the country's economic recovery, has been working hard this week to keep the party faithful on course.

The Social Democrats have been in power in Stockholm for 46 of the past 52 years and this week's conference (it is held only every three years) is the starting gun for the run-up to next autumn's general election.

With the huge current account deficit of two years ago virtually wiped out, with industrial production, investments and corporate profits climbing fast on the back of booming exports, the Finance Ministry has clearly been concerned that the party congress would push hard for a loosening of the economic reins.

Even before the 1982 election, the Social Democrats had embarked on what has become known in Sweden is the "War of the Roses"—the red rose is the party's symbol—when different factions fought over the course of economic policy.

The main standard-bearers have emerged as Mr Feldt, struggling to contain the bloated state budget deficit, and Mr Stig Malm, head of LO, the confederation of blue collar unions, demanding more investment in the public sector in order to create jobs and contain unemployment.

Mr Olof Palme, the Prime Minister and party chairman for more than a decade, has been careful not to associate himself too clearly with any one camp. "He is a sheepdog running round to make sure that no one strays far from the flock," says one senior official in the Finance Ministry. Judging from the relative harmony of this week's party congress he can be well pleased with his work.

The expected economic debate at the congress hardly took place, and the Government's fear that its hands would be tied by new spending demands has proved unfounded. Mr Feldt was followed to the platform by only three speakers, and then silence ensued.

Delegates did manage to push through, against the executive's wishes, a demand that foreign aid be restored to 1 per cent of gross national product in the next budget year. And, very much against its will, the party leadership has been saddled with a demand for censorship of all video films sold in Sweden. But such reverses were rare.

A call to nationalise the banks was rejected with little difficulty and delegates have accepted that the time is not ripe to be forcing through proposals for shorter working hours. A six-hour working day is the party's long-term aim, but it is recognised that that goal may not be reached until the 1990s. In the meantime Sweden's Social Democrats are more interested in reducing working hours for particular groups, especially families with young children.

Their critics among the Conservative, Liberal and Centre opposition parties maintain that the Government has done far too little to rein in public spending and that it has failed to take full advantage of the economic recovery to put the state's finances in order. They may well be right in the long-term. But for the moment, buoyed by a stronger world economy, the Social Democrats can point to undoubted successes for their "third way" economic policies, with the country both "working and saving" its way out of crisis while restraining consumption.

"After two years, the labour movement has shown that the economy can be turned round without dismantling the social system," claimed Mr Palme this week.

"We refuse to accept new Liberalism's recipe of higher unemployment and welfare cuts. We rely on our co-operation with the unions and their sense of responsibility. Our aim is to restore full employment and maintain welfare services. Unemployment and welfare cuts increase divisiveness. Freedom lies in security of employment and welfare. Market forces have not and cannot provide just welfare."

The credibility of the Government's trust in the unions is very much on the line this autumn as Mr Palme and Mr Feldt continue to campaign for a 5 per cent voluntary pay norm, which could allow them to reach their overriding goal of cutting inflation to only 3 per cent by the end of next year.

Mr Malm was quick to point out this week that his members' real wages are 10 per cent lower than they were in 1976 and that unemployment is double the level of eight years ago, but he was careful not to rock the boat.

Publicly, he accepted the Feldt doctrine that only a balanced economy with low inflation could create room for real wage increases. At the same time, however, he has indicated the ground on which the next battle of the War of the Roses could well be fought.

Aware that the next international recession is waiting around the corner, Mr Malm made clear that he expected that restraint from the unions now should be repaid with measures to boost public demand and maintain employment when the downturn comes. "There is every reason to send out that signal from the labour movement right now," he told the conference.

He needs the Social Democrats in power, however, just as much as they need the unions to support them on the economic front. LO has seen its power base as a central negotiator in Sweden's traditional national wage bargaining system whittled away as the employers have pushed for sector-by-sector negotiation.

One LO official privately characterised the confederation's chief negotiator as "a fireman on an electric locomotive," a relic of an earlier age. It requires the tacit support of the Government if it is to wrest back its position at the centre of the wage negotiating web.

The opposition parties have proved remarkably ineffective in recent months. For the moment, the steam appears to have gone out of the controversial wage-earner fund issue, although demonstrations are being called for October 4 to commemorate the business community's unprecedented march on Parliament last year with more than 75,000 protesters.

But even the business community itself appears unconvinced. A recent poll of leading executives showed them far more heavily in favour of a Social Democratic Government with a strong role for Mr Feldt than a non-Socialist one led by the former Centre Party Prime Minister, Mr Thorbjorn Falldin.

The Social Democrats, too, want a booming business sector and high corporate profits. "If we don't see that the companies prosper, how can we push for our other reforms, how can we finance them?" asks Mr Ingvar Carlsson, the Deputy Prime Minister. "We want a cow that we can really milk, but we don't want to kill it."

After the turmoil of the non-Socialist years, that is a persuasive argument for many in the Swedish business community.

SWEDEN'S Landsorganisation (LO) union confederation yesterday opened the crucial 1985 wage round by demanding a guaranteed rise of 1-2 per cent in real purchasing power, as well as better working conditions for its 2.2m members, writes David Brown in Stockholm.

The LO agrees in principle with the Government's voluntary 5 per cent pay guidelines, which is aimed at reducing inflation to 3 per cent from the present 7.5 by the end of next year, but insists on the right to renegotiate if the target is not met. It also wants a one-hour cut to 38 hours in the working week, a three-day extension of the five-week holidays, and longer paid sick leave.

EUROPEAN NEWS

W. German appeals before cartel court

BY LESLIE COLITT IN BERLIN

A CARTEL appeals court is hearing evidence this week from major West German construction companies which appealed against fines levied last September by the West German cartel office in Berlin for price fixing.

Nearly half of the 77 companies and their executives who appealed against fines of DM 54m ($17.4m) have paid the fines, which in several cases were substantially reduced.

Five companies this week are defending themselves against charges that they illegally fixed prices on major public and private construction projects. The firms C. Baresel, Strabag, Leonard Moll, Thyssen Schachtbau and F & N Kronibus were fined a total of DM 2.5m.

One company, E. Heitkamp, withdrew its appeal against a fine of DM 1.8m. Twelve more large companies are to go on trial in the coming weeks.

The companies are said to have collaborated in setting prices on projects ranging from construction of urban commuter railways in Frankfurt, Munich and Stuttgart to railway tunnels and bridges worth DM 185m for the Bundesbahn, which runs up the largest deficit of any West German government enterprise.

One of the accused executives who gave evidence this week before the cartel appeals court said telephone calls to the competition were "unavoidable."

In his case the competition was of the opinion that his company's bid was too low. The cartel office submitted documents purporting to show that the contract which was worth DM 7m ended up costing the taxpayer DM 9m.

In another instance documents were provided by a former employee of a Bavarian construction company, who was dismissed and in retaliation went to cartel officials in Munich with alleged evidence of price collusion.

Nine companies were said to have formed a secret price cartel in 1978. They allegedly agreed on a preferential system, under which each of them agreed that their bid on canal projects would be at lower than prevailing prices.

Pan Am explains Airbus deal

Pan Am chose the European Airbus for its new fleet because its problems "could not be solved by Boeing or McDonnell Douglas," Mr C Edward Acker, chairman and chief executive officer of the U.S. airline, said in London yesterday, writes Lynton McLain.

Pan Am needed replacement airliners urgently, a "near-term problem for 1985-86," Mr Acker said. The airline also needed a solution to its long-term needs and it favoured going for a "family" of airliners. It also wanted the most efficient, modern airliners

OVERSEAS NEWS

Rama Rao wins vote of confidence

By D. P. Kumar in New Delhi

THE CONGRESS PARTY of Mrs Indira Gandhi suffered its second political upset in two years in Andhra Pradesh yesterday as Mr N. T. Rama Rao, a former film star and founder of the most powerful regional party, the Telugu Desam, won a vote of confidence in the state assembly by 161 votes to nil.

The voted followed scenes of pandemonium on the assembly floor as fist fights erupted and members of Mr N. Bhaskara Rao's breakaway faction shouted: "It is a rape of democracy."

Mr Rama Rao had been returned to power as Chief Minister of Andhra Pradesh last Sunday ending a month-long crisis which was touched off by his dismissal by the then governor who had Mr Bhaskara Rao installed instead.

Since Mr Bhaskara Rao could not produce his majority, he was asked by a new governor, who had been appointed by Delhi meanwhile, to quit and in an unprecedented turn of events, Mr Rama Rao, who still claimed majority support, was sworn in as Chief Minister.

Mrs Gandhi's party was defeated badly in January 1983 assembly elections in Andhra Pradesh and Karnataka, marking an end of her stronghold in the south.

She cannot expect to win the forthcoming general election only on the strength she has in the north.

'Change needed' in local Gulf banks

BY RICHARD JOHNS IN LONDON

THE PROSPECTS for indigenous Gulf banks at the end of this decade will be "bleak unless a dramatic change on management attitudes and practices is effected and implemented," according to Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Finance and Oil.

"The number of highly trained Kuwaiti professional managers in all Kuwaiti banks is less than the number of similarly trained Kuwaitis in any one of the six subsidiaries of the Kuwait Petroleum Corporation," he told the Arab Bankers' Association in London on Wednesday night.

The threat to Gulf banking institutions, he said, arose from two factors. First, the economies of the Gulf states were unlikely to grow as fast in the late 1980s and the 1990s as they had up to 1982. Second, advances in telecommunications and computerisation were crumbling national borders.

Sheikh Ali Khalifa emphasised that his remarks applied to member states of the Gulf Co-operation Council (Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman), although his fullest knowledge was of Kuwait.

The minister seemed implicitly to be warning that the indigenous institutions, of his country at least, might not necessarily rely on the degree of government support and protection they have at present.

He emphasised that the Gulf banks shareholders' equity (capital and reserves) was substantial and in Kuwait amounted to 17.6 per cent of outstanding credit facilities. That compared to the 3 to 7 per cent range among international banks.

Nevertheless, "just as the proverb says 'Man does not live by bread alone,' banks do not prosper and grow by just having a good capital base," he said.

Sheikh Ali Khalifa said he was worried about the grasp by the management of Gulf banks of technology for purposes "just as important, if not more important, as a strong capital base."

Rapid growth in local economies and the degree of support given by governments – such as deposits and central bank funds – had "combined to make the generation of profits as easy as taking candy from a baby," he said.

Sheikh Ali Khalifa said the Gulf banks would have to rise to the challenge of greater international competition.

Asked about the loss of funds by the Arab Monetary Fund, reported to total $40m or more, he said: "Every agency is liable to be sometimes exposed to unhealthy practices."

Acknowledging the malpractice, he said: "The AMF was quickly able to change for the better to introduce new restrictions. So the effect is essentially nil."

Saudi Arabian ship 'hit by mine' in Suez

BY TONY WALKER IN CAIRO

A SAUDI ARABIAN ship was hit by an underwater explosion in the northern section of the Gulf of Suez early yesterday.

It was the first reported explosion in almost two months in the Suez Canal's southern approaches, leading to speculation that the mine may have been laid in the waterway with a delayed timing device.

The Saudi ship was on its way south to Jeddah when the explosion occurred. It has been taken in tow and is believed to be on its way to the Egyptian naval base at Adabiya just south of the Suez Canal.

Meanwhile, Field Marshal Abdel Halim Abu-Ghazala, Egyptian Defence Minister, has said a "mine-like object" discovered last week by the British naval task force and now being closely examined, was "very modern ... new even to Western technology." He expected results of the examination to be announced in the next few days.

The British Embassy said on Wednesday it had discovered the "mine-like object" on the edge of the channel in the Gulf of Suez used by southbound ships passing through the Suez Canal.

The object has been moved to shallower water for closer examination.

The last reported explosion in the Gulf of Suez was late in July. The last explosion in the Red Sea was in mid-August. Some 18 ships have been hit by mines in the Suez Canal's southern approaches, according to Lloyd's shipping intelligence.

Iraq claims attack on Kharg

IRAQ claimed yesterday to have attacked Kharg Island, Iran's main oil export terminal in the Gulf, and to have damaged some installations, our Middle East Staff reports.

An official military communique issued in Baghdad, however, stressed that the attack was intended as a "warning strike" in order to demonstrate Iraq's capacity "to deal devastating blows to Iran's oil and economic installations."

There was no indication from Baghdad on how the alleged attack had been carried out. In Tehran Iranian officials said that the terminal was operating normally.

Oil exports from Kharg are currently running at about 1.8m barrels a day, despite Iraqi efforts to *hit tankers in the vicinity of the* terminal.

Iraq said yesterday that it had attacked Kharg Island in retaliation for an Iranian air strike last week against Iraqi oil platforms near Fao at the head of the Gulf. The Fao terminal was seriously damaged during the first weeks of the war.

Iraq has the theoretical capacity to attack Kharg Island either from the air or with surface-to-surface missiles.

Foreign ministers from the six-nation Gulf Co-operation Council met yesterday to discuss developments in the Gulf war. The talks were being held in Saudi Arabia and followed three days of consultations between defence ministers on ways to improve military co-operation.

Nakasone sticks to airport plan

By Jurek Martin in Tokyo

MR YASUHIRO NAKASONE, the Japanese Prime Minister, declared yesterday that the planned expansion of the Tokyo International Airport located at Narita would go ahead "at all costs" in spite of Wednesday night's firebombing of the ruling Liberal Democratic Party's headquarters.

This appears to have been the work of a radical left-wing fringe group called Chukakuha.

US-Iran tribunal is suspended

THE HAGUE – A tribunal set up in 1981 to settle financial claims between Iran and the U.S. has suspended hearings on major cases after a U.S. demand that two of its Iranian judges be removed, a U.S. embassy spokesman said yesterday.

S. African miners resume work

By Jim Jones in Johannesburg

SOUTH AFRICA'S gold mining industry is back to normal after almost a week of strikes and disturbances which halted operations at several major gold producers.

Yesterday morning the entire black workforce reported for work at the Hartebeestfontein mine following a threat by management that continuation of the strike would result in immediate dismissals.

Most of the mines affected by the recent strikes and riots believe that overall gold production will scarcely be affected. Processing operations continued during the work stoppages as the mines were able to treat ore from surface stockpiles.

£4m corruption charge

A top Nigerian army officer will go on trial on corruption charges next week involving naira 4.3m (£4.05m), the army said in a statement, Reuter reports from Lagos.

The statement, issued last night, said Colonel Peter Obasa was charged with receiving millions of naira from three businessmen

Korean dialogue hopes

The dialogue on flood relief between North and South Korea via the Red Cross moved another few paces ahead yesterday, Ann Charters reports from Seoul. The South Korean Red Cross in their response to North Korea's delayed acceptance of Panmunjom in the Demilitarised Zone as one of the delivery sites expressed their hope that all the materials would be delivered before the end of this month.

The South-North meeting on Tuesday, the first contact between Red Cross delegations in seven years, came to an impasse when the North insisted on delivering some aid overland to Seoul.

Mobutu in Chad talks

Zairean leader Mobutu Sese Seko had talks today with French President Francois Mitterand on Chad, where 2,000 Zairean troops are stationed in support of Chadian president Hissene Habre, Reuter reports from Paris.

"My troops will not remain there for ever," Mr Mobutu told journalists after the 45-minute meeting during which M Mitterand briefed him on an agreement signed last weekend between France and Libya for a simultaneous pull-out of their forces from Chad.

Aquino probe team's dilemma over findings

By Emilia Tagaza in Manila

THE FACT-FINDING board investigating the assassination of opposition leader Mr Benigno Aquino is faced with a tricky problem of how to present their findings and conclusion. Some board members are convinced that they must declare military conspiracy in the assassination, but the whole board has yet to decide whether they could come out and go as far as spelling this out.

The board formally ended hearings in July after eight months of hearing about 200 witnesses and gathering about 20,000 pages of transcript. Despite feeble attempts by the board chairman, former Justice Corazon Agrava, to plug up a badly leaking report, some board members and officials are quietly giving interviews explaining their dilemma. One lawyer said that to declare military conspiracy is explosive. "It is difficult to prove," he said.

The most legalistic in the board, Mrs Agrava herself, almost gave herself away and said: "We do not have direct evidence that would make our report easy to write.

The military had presented direct testimonial evidence to bolster its version of the assassination—that Mr Aquino was shot on the Manila International Airport tarmac by a certain Rolando Galman, was acting on behalf of the outlawed Communist Party of the Philippines.

What the board was left with was secondary evidence. Lawyer groups who observed the proceedings said that, fortunately, there was a preponderance of secondary evidence that could be pieced together.

Apart from repudiating the official version that a lone gunman shot Mr Aquino, it is almost certain that the board will declare that some military witnesses have committed perjury. Several military witneses have been caught lying to the board in their testimonies.

● President Ferdinand Marcos said yesterday that the International Monetary Fund would wait for creditor banks to approve a plan for rescheduling $126.5bn (£103m) foreign debt before formally approving its own loan totalling SDR 615m (£492m).

NATIONAL COAL BOARD HOPES TO EXTEND AUTOMATED PRODUCTION MONITORING

Quiet revolution down the mine

BY PETER MARSH

RESEARCHERS at the National Coal Board are attempting to extend the power of computer-ised systems that monitor production at collieries.

They are setting the stage for the board rapidly to instal more such equipment once the miners' strike is finished.

The work is at the NCB's Mining Research and Development Establishment at Bretby, Derbyshire, which in the 1970s developed MINOS, the generic name for hardware that links computers on the surface to underground equipment.

Depending on how it is configured in an individual pit, Minos can monitor the condition of underground machinery, the volume of coal that workers are mining and environmental factors such as the concentration of noxious gases, methane or carbon monoxide for example. The systems, installed in about 70 of the NCB's 170 or so collieries, give supervisors and managers more control over the factors that affect production.

In the developments at Bretby, researchers are drawing up technical standards to ensure greater compatibility between different parts of MINOS systems.

Minos can monitor its working environment, estimate production levels and the state of machinery.

Engineers are also ensuring that pit managers rather than relatively junior supervisors can control the computer systems. With hardware known as MIS, short for Management Information System, staff at the top of the hierarchy of a mine or group of mines can have computer terminals in their own offices.

So far, managers at about 20 pits have MIS hardware on their desks. With this, they can react more rapidly to events in the mine such as a loss of production at a particular face.

After the miners' strike ends, Bretby researchers think managers may be more keen to extend control over production by installing their own terminals.

After the initial development of MINOS, which stands for Mine Operating System, workers at Bretby passed on the techniques to industry. MINOS equipment is made by several companies, including Hawker Siddeley, Babcock and Westinghouse.

Associated with each underground face of a coal mine can machinery. MINOS tells supervisors on the surface how well individual items such as gear boxes, conveyors and pumps are working.

It also monitors the volume of coal dug from the face and how much is brought above ground by conveyors. The information is passed to the computers along cables, so that the underground equipment and the offices of supervisors are *linked by a miniature telecommunications network.*

Once the information reaches the supervisor above ground, he is in a better position to make decisions on the fine points of operating a pit, for example to order more production from one section of the colliery or to shut down elsewhere on the grounds that machinery needs maintenance.

Staff at Bretby have specified the software instructions for the computerised machinery linked by MINOS. They have also worked out ways to code the data so it is comprehensible to the different equipment in the system.

In the current generation of MINOS hardware, the information travels at set rate of 600 binary digits (bits) a second. But the exact transmission standard varies according to the manufacturer which has supplied the equipment. As a result, it is relatively difficult to connect machines that form part of a MINOS system but are supplied by different companies.

So, Bretby staff are working on a new transmission standard that in a few years will become common to all the apparatus linked in one installation. They are also developing software specifications to enable engineers to speed up the data rate by roughly a factor of ten, to 64,000 bits a second.

In further work, the Bretby researchers are developing small underground "concentrators" for data. The concentrators act in a similar way to exchanges in public telephone networks.

The machines should make it easier for MINOS to handle larger volumes of information. They store and process data from a variety of equipment to which the concentrators are linked. The machines then send freshly sorted information to the main computers above ground.

The first fruits of this work have appeared at the NCB's Holditch Colliery in Staffordshire. There engineers have installed a concentrator that obtains data from a set of equipment such as power plant. Ultimately, the information will be fed into the main MINOS network.

In the conventional technique to collect this information, *miners have to walk to the* individual machines and read dials, writing down figures in a notebook.

Researchers aim eventually to link to MINOS information from electronic packages that *guide coal-cutters or shearers.* The latter move along a coal face, cutting away material with teeth mounted on rotating drums.

In several pits, engineers have installed on the equipment hardware known as MIDAS. This ensures that the cutter does not shear into a "ceiling" of coal which engineers prefer to leave above the machinery to prevent the roof from falling in.

In MIDAS, sensors detect the width of this *ceiling and pass* on information to devices that steer the cutter in a vertical plane.

ELECTRONIC PUBLISHING

Golden rules for profits from data

BY ALAN CANE

"ONLY NOW are people starting to reckon that information is a strategic product which is bought and sold. And the idea that information must be paid for seems particularly hard to swallow."

Everybody agrees there will be money to be made in electronic publishing but the quote above from Mr Ernesto Bartolozzi, general director of the Italian company Sarin puts the problem in perspective.

It comes from a new study* of the European electronic publishing industry which makes it clear that no company can expect to make profits marketing electronic databases without rigorous strategic analyses and substantial investment: "The database producer must accept that a considerable proportion of the company's capital will be set aside for marketing."

"Unless this is accepted from day one, then it is questionable that the company concerned *should become involved in the* production of an electronic database."

But why should any company, in any case, want to? Partly because of the potential of the electronic information industry to generate profits through selling information stored in computers and delivered to its customers through terminals on their desks.

In Europe, it is growing at 25 per cent a year and shows no sign of stopping, according to the authors of the report, Business International of Geneva, Switzerland. In 1983, industry turnover was estimated at \$700m; by the end of next year, it should be over the £1bn mark.

Business International (BI) suggests three golden rules for companies hoping for success in marketing information electronically.

- Study the target audience: "The successful companies of the *late 1980s and 1990s will* undertake market research involving the information gathering habits of the target groups," BI says.

It warns that people rarely do what they say do: "A Dutch *survey revealed that 50 per cent* of respondents claimed they were direct users of electronic databases. When asked to carry out an electronic search, however, only 4 per cent could carry out the tasks successfully. A study in the U.S. confirmed this message."

- Develop a product which serves the needs of the target *group in a uniquely interactive* manner: The study points out that in electronic publishing payment is linked to use and use is linked to ease of use. Furthermore, in contrast to conventional publishing, the emphasis is on facts rather than concepts: "Traditional publishing is concerned with factors, while electronic publishing is concerned with facts."

- Market directly to the target audience. The survey notes the success of Reuters, the financial information provider: "Reuters' success is related to the fact that it is very close to its end users. In 1981, it set up the Reuters Dealing Service which allows dealers to make transactions in foreign exchange without *using telephones.*

"The dealers can obtain a paper copy of the transaction after the deal is concluded. Five-hundred subscribers have registered for this service, including 37 of the top 50 banks in the world. When an electronic information service surpasses the cost effectiveness of an existing manual or paper service, then success is all but guaranteed."

Robin Wilkinson, general manager of the UK telesoftware company Micronet points out in the survey: "The danger is allowing yourself to be led by the technology, when you should be led by what the market wants."

And Colin Angwin, director *of marketing services for Dun* and Bradsteet, says: "There is too much emphasis on the media and technology and not enough on identifying non-users. You will not expand the market by simply studying the users. *The real market is* among those who are not using the terminals now. We need a study of non-users."

**The European Information Industry: its electronic developments.* BI and European Information Providers Association, \$1760 to EURIPA members, \$2,200 to others.

Details, 01-741 4661.

Computers

Compaq goes desk top

COMPAQ, the two-year-old Texas-based computer company, has been successful with its range of portable machines which are compatible with the IBM personal computer. It is the leading company selling portable computers.

Sales in the first part of 1984 reached US\$128m and industry forecasters believe *that sales will top \$300m for* the year. Now the company is hoping to continue its success by launching a range of desk-top personal computers.

Four computers are within *the Deskpro range but all are* compatible with the IBM PC and XT machines, being able to run all the software developed for the IBM computers. They are 16-bit microcomputers based on the Intel 8086 microprocessor. Compaq says that the machines are two to three times faster in operation than rivals.

One of the new features of the machines is the inclusion of a tape back-up for memory storage optional on three *models but standard at the* top of the range. This was incorporated due to customer demand. The entire contents of the computer's 10Mbyte fixed disk can be stored on a single miniature tape cassette.

The basic model has a single floppy disk system plus 128Kbytes of memory rising up to 640Kbyte of memory at the top end of the range.

Compaq's UK sales since the company set up last December has risen to £10m. Now it is setting up a French subsidiary based in Paris. It is aiming for a 5 per cent share of the European market by 1985.

Terminals

ITT's 9000 series

THE ITT Corporation has introduced a new range of advanced computer terminals, the ITT 9000 series. It includes colour and monochrome displays, a variety of *keyboards, personal* computers and printers. More details from the company in Brussels, Belgium.

Design

Aircraft in three dimensions

A LARGE section of the McDonnell Douglas TAV-8B Harrier II trainer has been designed with the help of three dimensional computer aided design.

The company says this is the first major use of the system for tactical aircraft. It is part of a trial to see if other McDonnell Douglas aircraft programmes can *apply these 3D design* techniques.

McDonnell Douglas hopes that computer aided design will lower the cost of producing mock-ups, will establish computer based information for designs.

The company has used computer design in two dimensions for its combat aircraft since the early 1970s.

Satellites

Direct broadcasts

THE QUALITY of picture which will be possible with future direct satellite broadcasts will be demonstrated by British Aerospace Space and Communications division *from today.*

The demonstrations will take place at the International Broadcasting Conventions in Brighton which starts today and will run for the next four days.

Despite British Aerospace's demonstrations, there is still uncertainty over the standards which will be used for domestic television receivers or the power needed for the transmitters. BA hopes to *show how the picture quality* varies according to the power and atmospheric conditions and other relevant factors.

WORLD TRADE NEWS

Third World debt 'forces increase in countertrading'

BY PATRICK BLUM IN VIENNA

THE International Monetary Fund is contributing to the rise of countertrade (barter) in Third World countries by forcing them to cut imports as part of debt refinancing packages, according to Dr Herbert Stepic, managing director of Unico Trading Handelsgesellschaft, an Austrian trading company jointly owned by several European banks.

In a paper delivered yesterday to an international conference on countertrade, Dr Stepic argues that countertrade is set to grow considerably in coming years as developing countries seek to overcome financial and economic problems.

Countertrade is growing fast and expanding from the traditional markets of Eastern Europe to the Third World, he said. "The sharp increase in countertrade activity that has been registered worldwide can be attributed to a large extent to less developed countries."

He estimates that around 40 per cent of total world trade will be in the form of countertrade by 1988, with most of the increase coming from Third World countries. At present trade with Eastern Europe still accounts for most countertrading business.

In his paper Dr Stepic argues that countertrade in the Third World offers a new challenge which companies would be unwise to ignore. While there are similarities with countertrade practices in Eastern Europe which are copied in some Third World countries, Dr Stepic argues that there are significant differences between the two.

Whereas Comecon countries first introduced countertrade as a means of marketing their products in the West, Third World countries resort to countertrade mainly for financial reasons. "The heavy foreign debt burden of overborrowed nations coupled with the lack of foreign exchange reserves and the need to preserve them has induced countries like Brazil, Argentina, Mexico, Venezuela, Ecuador, Nigeria, Iraq, Indonesia and the Philippines—to name but a few—to severely curb their imports and to accept countertrade as a viable solution to some of their problems."

The oil glut has considerably cut the revenues of oil-exporting countries while ambitious development programmes of cash-poor countries have had to be scaled down or financed through barter agreements. Over-capacity of their home industries in countries like Egypt and Mexico also encourages countertrade. Developing countries also increasingly regard countertrade as a way of overcoming protectionism in the industrialised nations, he says.

Among the characteristics which distinguish Third World countertrade from that with Eastern Europe, Dr Stepic identifies:

- Unlike the Comecon countries, developing countries have comparatively little experience of countertrade which makes for more flexibility when striking a deal.
- The quality of compensation goods is usually competitive as these are mainly raw materials rather than semi-finished products as in Comecon.
- Official rules are more loosely established.

But he warns that penalties in Third World countries are often higher than in Comecon.

Ghana timber industry receives $40m in aid

BY OUR TRADE STAFF

BRITISH companies hope to make substantial sales of forestry equipment to Ghana following World Bank support for the country's timber industry.

It is understood that the bank's contribution to the industry could be up to $40m (£33.3m) of a total $90m available for development of Ghana's export industries.

The IMF and World Bank are making available about $600m in loans and standby credits for development and import financing, with another $150m in aid from Western Europe.

Ghana's Export Promotion Council is sponsoring a trade fair in the country next April to promote timber exports and give European companies a chance to show off their machinery.

According to one equipment company yesterday, the modernisation and re-equipment of Ghana's timber industry is already being planned with the help of Swedish consultants.

Mr Michael Visram, managing director of Forest and Sawmill Equipment Engineers, said about $45m was being spent already. The figure could rise to $200m over the next three years.

GEC bids for coal-fired Philippine power plant

BY EMILIA TAGAZA IN MANILA

GEC of the UK has offered to construct a $150m 300mW coal-fired power plant in the northern Philippines. But the Philippine National Power Corporation (NPC) said the project will only be undertaken when the government gets foreign financing for the installation of transmission lines from the plant to the nearby northern province and to the Greater Manila area.

NPC, the country's largest corporate borrower, has just shelved five major projects scheduled this year because of financing difficulties.

Foreign loan commitments of about $91m (£75.8m) were cancelled and about $63m in foreign loan balances have been suspended since late last year, when the government declared a moratorium on payments of principal on all foreign commercial loans.

A GEC team is expected to arrive in Manila in November to start assessment work on the viability of the plant, designed to use lignite or very low-quality coal as feedstock.

Most of the coal mined in the Philippines is of low quality and needs to be blended with imported coal. NPC said the installation of the plant in Isabela province in the north will create a market for the locally abundant lignite.

Threat to U.S. lead in fibre optics

By Nancy Dunne in Washington

THE MODEST U.S. lead in fibre optics technology may be jeopardised by limited access to foreign markets and subsidised competition within its domestic market, according to a new competitive assessment report issued by the U.S. Commerce Department.

The industry's future, says the report, depends on U.S. Government efforts to end trade distorting practices in other producing countries, particularly Japan and, to a lesser extent, Europe.

Fibre optics technology, based on the ability to transmit information through pulses of light in a glass fibre, is used mostly in telephone systems, computers, cable television, medical products and military applications. Its proven cost-effectiveness has spurred quick market growth.

The Commerce Department estimates the U.S. market at $560m ($431m) in 1984 with the worldwide market at about $900m. It figures world market demand for fibre optic systems will increase at an average compound rate of about 36 per cent, reaching about $3.2bn in 1989.

However, the U.S. share may well begin to erode. Its lead has been almost entirely due to the size of its own domestic market, which remains open to competition.

Corning Glass Works and AT&T—the U.S. leaders in the field—and other American companies fear they may be confronted in the domestic market by foreign products of similar quality, priced lower through subsidy and grants, says the report.

The Commerce Department found that foreign government funding of private and government research laboratories is much larger than U.S. assistance to private industry. These funds have "significantly improved the position of those companies relative to U.S. firms financing their own research and development," the report said.

The U.S. Government provides significant funding for fibre optics research to government agencies, yet these funds have been predominantly for military applications, with small commercial relevance. Furthermore, the funding is not as much, per capita, as that advanced by the governments of Japan and Western Europe.

"Foreign manufacturers will inevitably penetrate the U.S. market to a degree that, under current demand conditions, U.S. firms will be unable to match in their efforts to sell abroad," the report said. Foreign companies will pursue an aggressive and independent pricing strategy to undercut U.S. prices. From this base, they can build a reputation for large-scale penetration or settle into joint ventures with U.S. companies.

Meanwhile the non-U.S. market—much of it protected—is growing faster than domestic demand. Foreign sales are expected to grow by an average compound rate of about 40 per cent and by 1989 could account for about 50 per cent of world demand from 38 per cent today.

Semiconductor market growth slows in U.S.

By Louise Kehoe in San Francisco

GROWTH is slowing in the U.S. semi-conductor market, according to data released this week by the Semiconductor Industry Association. Despite record August sales of $1.04bn by U.S., Japanese and European chip makers, 1985 is not expected to continue the huge sales boom enjoyed by the industry this year.

The industry's book-to-bill ratio, a measure of incoming orders versus orders shipped, declined for the ninth consecutive month. The ratio, widely used as a forecasting tool, indicates a significant decline in industry sales growth over the next 12 months.

The U.S. semiconductor market is expected to grow by 45 per cent this year compared to 1983, but market analysts anticipate a more modest growth of around 15-20 per cent next year.

Market analysts at In-stat, an Arizona industry research concern, forecast that worldwide semiconductor sales will grow by only 15.8 per cent in 1985, compared to 54.9 per cent increase in 1984. Sales figures for 1983 were $17.2bn while 1984 is forecast at $26.7bn. U.S. sales to the world market will reach $11.9bn this year compared with $7.8bn in 1983. They forecast total 1985 sales of $30.9bn.

Japanese sales have grown even faster, from $5.5bn in 1983 to $8.5bn this year. Next year, Japanese sales growth is expected to be $9.97bn.

European sales to the world will reach $4.6bn in 1984 compared to $3bn in 1983.

Atari sets high sales target for Europe

BY ROBERT KING IN TAIPEI

ATARI TAIWAN Corporation is tooling up for an assault on computer markets in the U.S. and Europe in the wake of a $240m (£200m) takeover of the company's assets by Mr Jack Tramiel, who founded Commodore Corporation of the U.S.

Mr Sam Tramiel, the chairman's son and president of Atari Corporation, said in an interview yesterday that the company has set a production target for 1985 of between 3m and 5m computers at various production sites in Asia and Ireland.

Atari's Taiwan facility is turning out "hundreds of thousands" of its VCS video game and its 800XL home computer, but Mr Tramiel said he plans to introduce a non-IBM compatible 16 bit machine in January, followed by a 32 bit version for professional users in April.

The machine will retail between $100 and $1,000, Mr Tramiel said. These levels could trigger yet another price war in the small computer industry. For instance IBM's basic personal computer sells for somewhat more than $2,000 while Apple's 32 bit Macintosh falls into the same range.

Production levels at the Taiwan plant are a far cry from earlier this year when demand for video games abroad slumped and left Atari with mounting inventories and soaring losses. Estimates place Atari's losses over the past 18 months at close to $1bn.

Mr Tramiel said he has tripled production of the home computer and quadrupled that of the VCS game since taking over the company in July.

He has also cut the games price by half to $40 and dropped the price of the computer from $279 to $179. The latter move is almost certainly designed to attack head on sales of the popular Commodore 64 machine. Mr Tramiel described Commodore, which his father founded and which also manufactures offshore, as Atari's major competitor.

Mr Tramiel resigned as head of Commodore last January after which he divested himself of most of his interests in the company. This enabled him to take over Atari from Warner Communications.

The company plans to sell through such mass merchandisers as K-Mart and Sears in the U.S., and Quelle, Dixons and Boots in Europe.

Louise Kehoe in San Francisco adds: Mr Tramiel's ambitious new products plan have met with widespread scepticism in the U.S. personal computer industry.

Atari is said to be having serious difficulties in collecting $300m in receivables that it inherited from the Warner Communications subsidiary.

According to industry officials several of Atari's largest accounts are disputing their bills, and Atari now appears unlikely to be able to collect more than about 5 per cent of the funds it had expected from computer retailers in the U.S.

Fuelling the reports are the problems of Atari's suppliers, several of whom have not been paid by the new management. Mr Jack Tramiel is also reported to have asked Warner Communications for financial assistance, although neither party will confirm this.

Although Mr Tramiel has promised to introduce a new computer in January, experts say that it would take Atari at least a year to develop a new 32 bit computer.

In an effort to speed the process, Mr Tramiel has approached at least two personal computer companies with proposals to acquire rights to their products. So far, however, he has been turned down.

Another major factor in Mr Tramiel's plans to reverse the fortunes of Atari is the uncertain outlook for the entire U.S. home computer industry.

"The market is very, very tough," said Mr Ralph Gilman an analyst at InfoCorp of San Jose, California. "I would not be surprised to see Tramiel walk away from Atari and shut the door."

Hong Kong tourism earnings rise by 27%

BY DAVID DODWELL IN HONG KONG

STRONG GROWTH in the number of travellers arriving from North America and Australia have boosted Hong Kong's tourism earnings by almost 27 per cent in the first six months of this year, to HK$6.47bn (£650m), according to figures released this week by the Hong Kong Tourist Association.

HONG KONG'S future as a major international business and tourist centre would be in jeopardy if the territory were not allowed sufficient autonomy to ensure that existing aviation rights remain "essentially in place," Mr Michael Miles, chairman of Hong Kong's Tourist Association, said this week. Mr Miles is also chairman of Cathay Pacific Airlines, Hong Kong's flag carrier.

Cathay has been tight lipped on the issue of air traffic rights since it became clear two weeks ago that this was among the most intractable of issues blocking agreement between China and Britain on Hong Kong's future once it returns to Chinese sovereignty in 1997.

The number of tourists passing through Hong Kong rose by 12.5 per cent to 1.4m, while the amount they spent per head rose by 14.4 per cent to HK$4,346. The tourist authority is forecasting that, for the year as a whole, more than 3m tourists are likely to visit the territory, with tourist earnings likely to top HK$13m.

Tourism accounts for more than 10 per cent of Hong Kong's export earnings and is second only to the textile industry as a generator of foreign exchange.

Mr Michael Miles, chairman of the tourist authority, commented yesterday that the question mark that for the past 18 months has hung over the future of Hong Kong beyond 1997, when it reverts to Chinese sovereignty, has if anything boosted tourist activity.

"Some overseas travel agents have been tempted to go for the short term dollar by suggesting to their customers that they should visit Hong Kong while they still can," he said.

South-East Asia remains Hong Kong's most important catchment area for tourists. This region, which includes Singapore, Thailand, Malaysia and Indonesia, generated tourist earnings up by almost 30 per cent to HK$1.33bn in the six months to June. Visitors from North America spent over HK$1.2bn.

Fastest growth in receipts from visitors comes from Australia and New Zealand.

Deadline looms for Congress export law

By Our Washington Staff

AS THE deadline for Congressional adjournment comes close, congressmen and senators have intensified efforts to compromise their vastly different views on export control legislation.

Several issues are still in dispute, but the biggest stumbling block to agreement for a new Export Administration Act (EAA) is the dispute over the Pentagon's role in issuing licences for sensitive high technology exports to non-communist countries.

Senator Jake Garn, chairman of the Senate banking committee, has insisted that no legislation will pass without codifying the Pentagon's role in the process. Congressional officials, prodded by the business community, fear the already slow licensing process will bog down still further if defence officials are involved and last week they voted 14-1 to oppose the provision.

Other measures are still to be resolved: restrictions on U.S. trade and investment in South Africa, the president's authority to impose agricultural embargoes and limitations on the sale of nuclear reactors to countries which have not signed the non-proliferation treaty.

Most of the minor differences in massively complex legislation have been settled in months of meetings between the committee staffs. An amendment which would have required the validation of licences for all exports to China has been dropped, but there are still problems over the establishment of a commission to study the U.S. ban on exports of Alaskan oil.

AMERICAN NEWS

Union and GM in bid to end talks deadlock

By Terry Dodsworth in New York

UNION and management negotiators were attempting yesterday to break the deadlock in the talks over a new wages contract at General Motors, the U.S. motor company, after both sides had rejected compromise proposals.

The rejection of the new packages has plunged the talks into their most gloomy phase since they began in early July. General Motors was officially talking of continued "optimism" yesterday, but there is a growing feeling that the United Auto Workers union now has only limited alternatives to the use of the full national strike weapon.

So far, the union has called out 17 plants by using the device of a breakdown in local—as opposed to national—negotiations.

But many of GM's other facilities, including some of its 28 assembly units, have already settled their local issues, putting pressure on the union to call a national strike against the company if it wants to intensify its action.

In addition, the units at present on strike may not be happy to continue to bear the brunt of the action much longer. The union's strike-pay amounts to only $85 a week (£68) against take-home pay before overtime of around $100 a day.

By last night, GM has lost production of well over 40,000 cars and trucks since the stoppages began at the weekend.

Lost sales revenue is expected to amount to about $150m by the end of this week.

Ecuador expects loans of $350m

QUITO – Ecuador expects to receive $350m in loans from commercial banks by the end of the year, Finance Minister Francisco Swett told a press conference.

He was speaking before leaving Quito for Washington where he will start negotiations today with officials of the International Monetary Fund (IMF) and World Bank.

Reuter

Commonwealth urges U.S. to change monetary policies

BY MAX WILKINSON IN TORONTO

THE Commonwealth Finance Minister's conference ended in Toronto yesterday with a unanimous call to the U.S. to change its policies to lower interest rates and mitigate the rise of the dollar.

This was the major issue which united the 49 countries represented at the conference. It was clear that many of the countries will be looking to Mr Nigel Lawson, Britain's Chancellor, to press this case at the preliminary preliminary meetings for the World Bank and International Monetary Fund annual conference starting in Washington today.

It is understood that the Chancellor believes this will be the major issue facing the world's financial leaders, and that a vigorous and concerted attack will be made on the U.S. Administration in private discussions during the next few days.

The Ministers were split, however, over the need for a major world conference to discuss the problems of Third World debt, poverty, and the need for increased investment aid to the developing world.

Several Commonwealth countries, led by India, believe that this should take place under the auspices of the United Nations in a meeting where developing nations would have the dominant voice.

But the consensus of yesterday's meeting, supported by the richer Commonwealth countries and some of the smaller ones, was that the best forum would be a special meeting of the World Bank's development committee, to be held next spring.

This committee includes the major shareholders of the World Bank, and the industrial nations, therefore, have an effective majority on it.

Most of the Commonwealth Finance Ministers seem to have been persuaded that there would be little point in passing broad resolutions about the Third World's need for cash, unless there was some consensus of support from the richer countries.

The need for a special session of the development committee will be discussed further in Washington during the next few days.

The British view, emerging from yesterday's Commonwealth meeting, is that such a global conference would be much preferable to a series of "summits" for Latin American debtor countries and other special interest groups.

Sandinistas may delay elections

By Tim Coone in Managua

A POSSIBILITY exists that the Sandinista Government may postpone the November 4 election date to allow the participation of the right-wing three-party alliance, the Coordinadora Democratica (CD), to compete for the presidency and 90-seat National Assembly.

Commander Humberto Ortega, the Nicaraguan Defence Minister, on his return from a visit to Mexico, said the Government's position on the issue would be clarified "in the next few days."

The CD put itself out of the electoral race by failing to register itself with the Supreme Electoral Council (CSE) by the deadline of August 5, .

Contadora group under pressure for settlement

By Our Foreign Staff

THE governments of the Contadora Group—Mexico, Panama, Colombia and Venezuela—who are attempting to put together a peace plan for Central America are under increasing pressure to come to a swift and successful conclusion to their efforts.

Foreign Ministers of the European Community who meet their Central American and Contadora counterparts in San José, Costa Rica, next week will be insisting on a rapid winding-up of the peace efforts.

The final Contadora conclusions, backed, it is hoped, by the five Spanish-speaking Central American countries are due to be announced on October 15.

Brazil Indian affairs chief dismissed

By Andrew Whitley in Rio de Janeiro

THE HEAD of Brazil's National Indian Foundation, Funai, has been dismissed for his refusal to sign a presidential decree authorising the opening up of Indian reserves to private mining companies.

Sr Jurandy Marcos da Fonseca, appointed only four months ago as a conciliatory gesture to the Indian communities, has warned that the presence of outsiders on traditional Indian lands could lead to "genocide" because of their lack of immunisation to "white men's diseases."

Brazil's once-powerful tribes which numbered probably well over 1m at the time of the Portuguese conquest—in the 16th century, have over the years been decimated by disease. The latest official estimate puts their total number at about 185,000.

Indian affairs have long been regarded by the Brazilian military as a question of "national security" within their special preserve. This view was reflected in the appointment on Wednesday of a hardline, former Sao Paulo police chief to replace the dismissed Funai head.

The official explanation from Sr Mario Andreazza, Interior Minister—himself a retired army colonel—for the dismissal of Sr Fonseca was that he had not "handled adequately" an administrative problem.

Pressure on the Brazilian Government to open up more land to mining, currently one of the most profitable sectors of economic activity, has been growing steadily. The pressure has come from private industry, both foreign and Brazilian owned.

Violent clashes between Indian groups and land-settlers or other intruders have become increasingly commonplace with deaths on either side frequently reported. In one celebrated incident last May, which almost led to all-out war with the Txukarramae Indians, in the Xingu area of the Amazon, nine Funai officials were held hostage for several weeks.

Beirut bomb attack jolt for Reagan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

YESTERDAY'S devastating bomb attack on the new U.S. embassy annexe in East Beirut gave a sharp political jolt to President Ronald Reagan, who has been campaigning serenely on the theme of a proud, strong America at peace with the world.

Mr Reagan continued his campaign schedule in Iowa and Michigan, but he looked grim and haggard after first learning of the disaster.

The attack, and the news that Americans had died in it, vividly reminded the nation of the bitter experiences of last year, when 17 Americans were killed in the April bombing of the old embassy. In October, 241 marines died when their barracks were destroyed by a suicide truck-driver.

Traumatic though these events were at the time, until yesterday they had largely passed from the national consciousness. Mr Reagan was widely acknowledged to have shown considerable political skill in quietly extracting U.S. forces from Lebanon, allowing the nation, with considerable relief, to forget the Middle East.

Yesterday's renewed violence not only brutally recalled the return home of so many flag-draped coffins last October. It served as a more general reminder that Mr Reagan's Middle East policies have failed to bring peace to the region, or even much progress towards it—despite his much-trumpeted initiative of two years ago.

Ironically, it was on Wednesday afternoon, a few hours before the bombing, that Mr Walter Mondale first seriously raised Mr Reagan's Lebanon policies as a campaign issue.

Rescue teams carry a wounded U.S. marine from the scene of the car-bomb attack on the U.S. Embassy in a suburb of East Beirut

On the stump in California, the Democratic challenger denounced Mr Reagan's Lebanese policy as "a fog of confusion," the only result of which had been "heartache and humiliation" for the U.S. He could not know how quickly events would help to prove his point.

Yesterday, Americans were once again asking how and why their security forces could not prevent such an attack, having apparently failed to learn the lessons of the two previous disasters.

The embassy staff had only moved into their new building last month, behind what were meant to be the strongest possible fortifications.

The Administration's answer is that if any kind of access is to be allowed to a building, it is virtually impossible to secure it against a determined suicide attack.

Mr Reagan's approach has consistently been that the U.S. is not going to yield to terrorism by leaving Beirut or totally shutting itself off from its surroundings. As he said yesterday: "You can't crawl in a hole."

So far, the Democrats have had little success in assailing Mr Reagan's foreign policies. The latest polls show greater confidence in Mr Reagan than Mr Mondale to conduct foreign policy.

Despite last year's marine disaster, 53 per cent of respondents to a Newsweek poll this week said that they trusted Mr Reagan to make wise use of U.S. forces overseas," while only 30 per cent said the same of Mr Mondale. Yesterday's events should allow Mr Mondale to re-open that particular issue.

Stewart Fleming examines the Democratic candidate's advisers

Mondale's economic gurus

WHEN Mr Walter Mondale warned the millions of voters watching the Democratic Convention on television last July that President Ronald Reagan would not tell them he was going to raise their taxes to cut the Federal budget deficit, "but I just did," it was one of the most daring electoral gambles a presidential candidate could make.

As the President stumps the country offering enthusiastic crowds not a detailed debate on the political issues but rather what one Republican campaign worker has described as a diet of "pure mush," it looks as if that gamble has backfired.

It has not forced Mr Reagan to divulge and debate his plans for tackling the deficit, and so shift attention away from the vigorous economic recovery which Mr Reagan is claiming credit for.

Instead, the President simply looked at the polls and then looked the other way.

Knowing that voters' eyes glaze over when the words "budget deficit" are mentioned, and looking at the commanding lead he seems to have in public opinion surveys, Mr Reagan decided that he did not need to respond to Mr Mondale's challenge to stop hiding his "red ink with blue smoke and mirrors."

Mr Mondale started his campaign for the Presidency almost immediately after he lost the job of Vice-President in 1981. It is only to be expected that the broad lines of his economic policy have been in place for some time. A year ago, the budget deficit was at the top of his list of priorities.

By supporting a continued build-up of defence spending at a real rate of 3 to 4 per cent per year, Mr Mondale is making it clear that, although he is not prepared to give the military the sort of priority it has had during the Reagan Administration, he will not leave himself open to Republican charges that, like President Jimmy Carter in the early years of his Administration, he is going to weaken the U.S. defence capability.

On the other hand, Mr Mondale is earmarking $30bn for social programmes in his budget plan, a decision which reinforces his attack on the Reagan Administration on the social "fairness" issue and demonstrates that he is not abandoning traditional Democratic concerns about the poor.

As for the economics of the budget itself, there seems to be a consensus among Mr Mondale's advisers that, if the deficit is to be cut, a President Mondale would have to wring out of the Federal Reserve an agreement that the Fed would offset the deflationary impact of reduced government spending by easing monetary policy and reducing interest rates.

Without knowing in advance the economic environment in which Mr Mondale's proposals might be put into effect, it is hard to know just how the Fed would react. If the dollar was dropping precipitously on the foreign exchanges and inflation was rising, the Fed's room for manoeuvre might be limited. It is questionable, too, whether a falling dollar, which Mr Mondale sees as a factor which would stimulate exports and help to solve some of the problems of industries such as steel and textiles, which have suffered from foreign competition, will work this magic quickly enough.

That Mr Mondale's supporters have their doubts on this score, too, can be seen from the fact that "fair trade", often a code word for some form of protectionism, also features in his agenda. Few doubt, not least because of the backing he is getting from organised labour, that Mr Mondale would be inclined to take a more aggressive line on trade issues, even if the dollar were to decline and relieve some of the pressures on the U.S. traded goods sectors.

On the budget-cutting question, Mr Mondale's proposals are a reflection of his own political priorities and of the fairly conventional analysis he has been getting from his economic advisers.

Were he to be elected President, Mr Mondale would not be bringing to Washington a new breed of ideologically committed economists such as the monetarists and supply siders who were so prominent in the early days of the Reagan Administration.

"We are all fairly mainstream," says Dr Susan Irving, 35, the Harvard-educated economist who has been one of the paid members of Mr Mondale's staff working on the details of the budget plan the candidate announced last week.

"We do not all agree on everything, but nobody believes interest rates would fall to 5 per cent if you do nothing about the deficit. Nobody believes getting the deficit down does not matter or that we can simply grow out of the problem."

To the public, even to those who follow economic affairs closely, Dr Irving, who worked with Mr Charles Schultz at the Council of Economic Advisers (CEA) in the Carter Administration and at the International Monetary Fund, is one of the less well known members of Mr Mondale's economic cabal.

Men such as Prof Walter Heller, chairman of the CEA in the Kennedy and Johnson Administration, have long been prominent figures in Democratic Party circles. So was Mr Sheldon Cohen, a commissioner in the Internal Revenue Service during the Johnson days.

Both men have their roots in the "great society" liberalism of that era.

Like Dr Irving, Mr Bowman Cutter, Mr Fred Bergsten and Mr Robert Hormats belong to a younger generation of Democratic Party economists. All held senior positions in the Carter Administration. Mr Bergsten was Assistant Treasury Secretary for international affairs and is an economist who is known to put considerable emphasis on the impact of exchange rates on domestic economic developments.

He, along with Mr Hormats, has been called on by Mr Mondale to give advice about trade and international economic issues.

Mr Hormats has the reputation of being something of a "wunderkind" in Washington, having been a Deputy Assistant Secretary of State, Deputy Special Trade Representative and Assistant Secretary of State for Economic and Business Affairs.

Like Mr Bergsten, he has served in Republican and Democratic Administrations. Mr Cutter was Associate Director of the Office of Management and Budget (OMB) in the Carter Administration.

Mr George Perry, 50, a Senior Fellow at the Brookings Institution, a Washington economic think-tank, has not been a regular in Democratic administrations but has been a key figure in helping to formulate Mr Mondale's economic policies. Mr Perry, a traditional macro-economist, is a close associate of the late Mr Arthur Okun, chairman of the CEA under the Johnson Administration.

Answering the question of who indeed played a major part in the task of forming Mr Mondale's economic policies is far from easy.

Most of the economic advisers are not on the campaign staff but, like Mr Bergsten, have simply been available to Mr Mondale when he wanted to talk to them. As Dr Irving points out, Mr Mondale has been in politics a long time and knows and talks to dozens of people.

Ultimately, too, it is to be remembered that whatever a President thinks, particularly on budget issues, it is in the Congress that many of the deals are cut.

'No initiatives' in Gromyko talks

BY OUR U.S. EDITOR

PRESIDENT Ronald Reagan yesterday said that he would launch no new initiatives when he meets Mr Andrei Gromyko, the Soviet Foreign Minister, in Washington next Friday.

He would tell Mr Gromyko that he would never allow the U.S. to "let down its guard," he declared while campaigning in Iowa.

In New York, Mr Gromyko said that the Soviet Union had always sought "fair and serious" talks with the U.S. about arms reductions.

U.S. officials, however, are not expecting any initiatives from Mr Gromyko either at the meeting, which Mr Reagan has said is mainly intended to improve the general atmosphere between the super-powers.

UK NEWS

Autumn retail sales expected to be buoyant

BY PHILIP STEPHENS

BRITAIN'S shops are expecting a significant pick-up in sales this month after some slowing of the consumer spending boom in August, according to the latest Confederation of British Industry/Financial Times survey of the distributive trades.

Retailers and wholesalers are confident that business will remain buoyant throughout the autumn, with most forecasting that sales will better the high levels seen before Christmas last year.

The survey does point to a marked fall-off in business in areas affected by the miners' strike, and suggests that car sales will remain subdued.

Mr John Salisse, chairman of the CBI's distributive trades panel, said yesterday that the results indicated that the recent rise in mortgage interest rates had not yet had an impact on consumer spending.

"There is a good deal of optimism that the growth in sales will continue," he said.

The CBI believes that the higher sales will be sustained by strong growth in real wages. The annual increase in average earnings is running at about 2½ per centage points above the rate of inflation.

The survey also shows that retailers and wholesalers outside the motor trade intend to step up their investment in the next 12 months.

The prospect of further increases in retail turnover will be welcomed by British manufacturing industry, which has seen its output flatten in recent months.

Less encouraging is evidence in the survey that imports are still increasing their share of shop sales. About 20 per cent of retailers reported a rise in the proportion of business they were giving to overseas suppliers, compared with only 9 per cent indicating a fall.

The largest increases in imported deliveries was reported by footwear and leather goods outlets and off-licence drinks shops.

The proportion of distributors expecting to increase their prices has risen steadily during the past year.

The survey shows that a balance of 59 per cent of retailers reported increased turnover in August, compared with the same month a year ago.

The percentage balance is the percentage of respondents reporting or expecting an improvement in sales minus the percentage indicating a fall.

Whiter than white in Whitehall

A committee of MPs is calling for tighter rules, to avoid any suspicion of corruption, for civil servants who move into industry. Sue Cameron reports

THE BRITISH Whitehall mandarin must be like Caesar's wife – above suspicion. A report published yesterday by the House of Commons Treasury and Civil Service select committee is determined to keep him that way.

The MPs' report looks into the delicate area of what happens when senior civil servants cease to be mandarins and take lucrative jobs in private sector companies – companies which may have substantial dealings with government departments.

Top officials who accept business appointments have long been subject to various rules and regulations designed to guard against impropriety. The Treasury and Civil Service committee wants these safeguards to be tightened.

The chief recommendations of the committee's report are:

● Top officials who want to take up an outside appointment within five years of leaving the Civil Service must first obtain government permission. This effectively means that senior mandarins can be stopped from taking an outside job for up to five years. Under the present rules, the maximum period of delay is only two years.

● Officials at the level of under-secretary and above – which means the top three ranks in the Civil Service hierarchy – must agree in writing to abide by a new code of conduct. This would ban them for five years "from representing their new employer on specific and significant matters for which they were responsible in their official capacity."

● The Government should automatically stop the Civil Service pension of any official who defies the rules covering business appointments. Pensions should merely be "abated" for a certain period, however, not forfeited entirely.

The report's call for a considerable tightening of the regulations suggests that members of the committee are deeply concerned about the likelihood of corruption. They seem to fear that former civil servants will use their inside knowledge to obtain major government contracts for their new employers.

There also appears to be concern that officials still working in government departments might be tempted to favour one company more than another in the hope that they will be offered highly paid jobs.

At a press conference yesterday members of the committee were at pains to stress that they had no evidence whatever of civil servants acting corruptly, either before or after taking outside jobs.

Mr Anthony Beaumont-Dark, a Conservative MP and a committee member, said he did not believe that there was even "subliminal corruption." He said that he was sure Britain's civil servants had the "highest standards in the world."

This raises the question of why the rules need to be tightened if there is such confidence in the integrity of senior civil servants. The point was made forcibly yesterday by Mr John Ward, general secretary of the First Division Association, which represents top-level civil servants.

"This report is quite disgraceful," Mr Ward said. "It implies – without a shred of evidence – that eminent people in the Civil Service are considering their careers with the idea of feathering their own nests. It is contemptible that this kind of innuendo should be made."

The committee's justification for its recommendations was that appearances matter. Mr Austin Mitchell, a Labour MP and a committee member, said: "We were worried that it began to look like a gravy train."

Mr Terence Higgins, the chairman of the committee, said there was some evidence of public concern. Articles had appeared in the press and questions had been asked in parliament. It was therefore right that the committee should have looked at the rules and recommended that they be tightened.

Mr Beaumont-Dark noted that between 1979 and 1983 the number of Ministry of Defence officials moving into the private sector rose from 118 to 535.

The report says that the "great bulk at all levels of those leaving from the Ministry of Defence went to departmentally related industries." Mr Beaumont-Dark said this could not be "purely coincidental."

The report looks at how other countries treat the problems of civil servants taking private sector jobs. It says that Canada, Japan, the U.S. and France "all recognise the danger that exists" and "all have safeguards against it."

Canada, Japan and France operate systems under which officials can be prevented from taking jobs in companies until they have been out of the Civil Service for some years. In Canada and Japan the maximum delay is two years. In France it is five.

In the U.S. there is no ban on employment in the private sector, although ex-civil servants can be subject to certain restrictions on their activities after they take up their new jobs.

These restrictions usually last for only two years – but there is one important exception. A former civil servant in the U.S. is banned for life from representing his private sector employer on matters with which he has been "personally and substantially concerned in government." The scope of the ban is fairly narrow, however.

One country which imposes no restrictions on the movement of civil servants to the private sector is Ireland.

Editorial comment, Page 14

RCA and Hitachi pull out of UK video disc market

BY JASON CRISP

RCA AND HITACHI are abandoning their efforts to sell video disc systems in the UK. Their commitment had been in doubt since RCA announced in April that it was ceasing production and marketing of video discs in the U.S. after incurring huge losses.

The CED video disc system was launched in Britain last October as a joint venture between RCA of the U.S., Hitachi of Japan and GEC-McMichael, the UK group.

At the time of the launch, which cost £2m in promotional expenditure, the companies said they expected to sell 25,000 players by Christmas and a further 100,000 players this year. In the event, fewer than 5,000 players have been sold. The cheapest one cost £199.

Video discs show pre-recorded programmes on a television, but unlike the highly successful video cassette recorder they cannot be used to record broadcast programmes. In Britain the players were supplied and manufactured by Hitachi and were also sold under the McMichael name.

At the time of the launch Britain was the strongest video market in the world and the companies hoped it would be a springboard for entry into the European market. Apart from the U.S., Britain was the only market where the CED system was launched.

Hitachi still has nearly 50,000 players in the country. Prices of all models are to be cut to £99 and will include 20 free video discs with a nominal value of £200. Anyone who buys the player will be able to buy other programmes from the 250 titles available on this format while RCA's stock last.

Philips, the Dutch electrical group, and Pioneer of Japan, are still selling the more sophisticated Laservision video disc system in a number of world markets including the U.S., Japan and the UK.

The third video disc system, VHD, developed by Victor Company of Japan (JVC), is only available as a consumer product in Japan. (All three systems are incompatible.) There is a growing optimism in the industry that there is good demand for video discs in the commercial and industrial markets where they are used for training, communications and selling.

Thorn EMI with VHD, and Philips with Laservision, are selling video disc systems to companies in the UK. RCA's CED system was not sufficiently sophisticated for that market.

TUC to urge new coal strike talks

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE TRADES Union Congress (TUC) will urge further talks between the National Coal Board and the National Union of Mineworkers when its senior leaders meet Mr Ian MacGregor, the board's chairman, on Monday.

The union leaders hope that their twin-track strategy – of building up support for the miners through solidarity action, and of pressing both sides into a new round of talks, probably under the auspices of the conciliation service Acas – can achieve a settlement of the 28-week dispute in the next few weeks.

Mr Dennis Boyd, the Acas chief negotiator, will meet Mr Arthur Scargill, the miner's president, over this weekend for discussions on the union position. He is likely to contact Mr MacGregor next week after his briefing meeting with the TUC.

Mr Boyd will then attempt to go over the issues with the two parties, separately, in an effort to determine whether they can be brought together in a slow and patient process of finding common ground.

The most recent round of talks between the two sides broke down a week ago over the issue of the closure of uneconomic pits, the main cause of the strike.

● Applications by industrial companies for grants to convert oil-fired *boilers to coal are rising again after* slumping in the first three months of the strike, according to the Department of Energy.

Underwriters issue writ against Minet agency

BY JOHN MOORE, CITY CORRESPONDENT

TWO LLOYD's underwriting members, whose affairs are managed by the Richard Beckett underwriting agency company, part of Minet Holdings, have sued the agency and are claiming damages for alleged fraud and deceit of two of the agency's former executives.

A High Court writ has been issued and served this week by Mr Anthony John South, an insurance broker with Willis Faber, and Mr William Keith Topley, the two underwriting members, against Richard Beckett Underwriting Agencies.

The two are claiming: damages for alleged fraud and deceit; damages for conversion; damages for breach of contract or breach of duty; damages for breach of contract and/or negligence; an indemnity in respect of any liabilities to the Inland Revenue for any arrears of tax, interest or penalties which may have fallen due; an account of all the alleged misappropriated moneys and secret profits and payment of all sums; a declaration that PCW, the former name of the Richard Beckett agency, is the constructive trustee of all the alleged misappropriated money and secret profits; compound interest; an account of *all the remuneration paid by each* of the plaintiffs to PCW during the period in which the alleged frauds and misappropriations and breaches of duty took place, and payment of all sums due.

The action is to be defended by the Richard Beckett agency. The two underwriting members are part of the 23 members who did not accept a £38.17m compensation offer to the 1,500 or more members by Minet Holdings.

Minet and its underwriting agency have alleged in its own legal action that Mr Peter Dixon and Mr Peter Cameron-Webb, former managers of the agency, between 1968 and 1982 had systematically and fraudulently misappropriated funds from the underwriting members. More than £38m is alleged to have disappeared.

Minet's compensation offer was accepted by all but a very few of the underwriting members. In return for the compensation deal underwriting members were required to waive their legal rights for further action against Minet and a number of other parties.

The Inland Revenue has also warned that there is a tax liability of £16m due on the missing funds. This amount will have to be met by the underwriting members.

Delicate stage for Lloyd's, Page 32

Opposition MPs press for Belgrano inquiry

BY JOHN HUNT, POLITICAL STAFF

PRESSURE continued to build up yesterday for a full inquiry into the sinking of the Argentine cruiser General Belgrano during the Falklands war in 1982.

In letters published this week, *Mrs Margaret Thatcher*, the Prime Minister, admitted that ministers had not been told by the Ministry of Defence that the Belgrano had altered course, away from the British task force on the day it was torpedoed by a Royal Navy submarine. But she said that in the light of the threat posed by Argentine forces, *the precise position and course of* the Belgrano at the time was considered irrelevant.

Mr George Foulkes, a Labour spokesman on European affairs, described this claim as absurd and called for an independent judicial inquiry. Mr Tam Dalyell, a Labour MP who has consistently demanded an inquiry into the Belgrano affair, said an Appeal Court judge should examine whether the Argentine navy intended to attack the task force at the time of the sinking.

Despite the Prime Minister's assertions, he still believed the War Cabinet knew that the Belgrano was steaming away from the Falklands.

Mr Gerald Kaufman, Labour's shadow Home Secretary, said: "Her admissions on the Belgrano are confusing, almost certainly deliberately so. Mrs Thatcher is trying to wriggle out of the mesh of falsehoods in which she and the Government have entangled themselves."

Sir John Nott, who was Defence Secretary during the war, said: "The fleet was in a very perilous situation and our overriding duty was to defend our ships and men."

He endorsed the Prime Minister's view that the position and course of the cruiser had been irrelevant. But he admitted that when he told the House of Commons on May 4, 1982 (two days after the sinking) that the Belgrano had been closing on the task force, he had not known the ship had changed course.

هكذا صدر الأصل

UK NEWS

Cold winter might relieve battery makers

By David Hellier

IT IS not only striking miners who are praying for a long hard winter. So are Britain's battery makers.

After two fairly mild winters, which tend to result in fewer battery failures, demand for replacement batteries is at an all-time low. Moreover, technological developments have increased the average life of a battery to around four years.

This year the problems for the major UK manufacturers—Lucas, Chloride, Oldham and Crompton—have been exacerbated by an alarming decline in market shares, as they have lost ground to imports and smaller battery manufacturers.

Between them, the UK majors normally expect to take at least a 50 per cent share of the market for replacement batteries. This year that figure has been estimated to be as low as 35 per cent.

Already rationalisation has been severe but it may not have gone far enough. Chloride has halved its workforce in about five years, and Lucas has seen

Rationalisation may not have gone far enough

sales drop from 2m to about 1.2m a year in about 10 years with a corresponding cut in employees.

There have been suggestions that Lucas, long associated with car batteries, might pull out of the market altogether. The company says, however, that such rumours are totally unfounded. But few people in the industry would be surprised if a manufacturer left the market altogether.

Broadly speaking, the £75m battery market can be split into two. First, there is the original equipment market, which is exclusively dependent on new car sales. Last year UK production was around 1m, compared with 1.9m in 1972.

In the replacement market there has also been a considerable decline over the years, with this year's total expected to be under 4m—down from a peak of around 5m.

In theory batteries, which are expensive to ship, would not seem ideal export products. But European and Japanese producers, desperate to see their products taken off their own equally competitive markets, have been prepared to cut profit margins in an attempt to win UK sales.

Mr Bruno Lees, managing director at Tungstone, said that a recent survey for the whole of Europe showed that most companies were operating at only 60-70 per cent capacity. "Everybody is suffering," he said. "It's a mature market, with no growth which in many ways the industry itself has caused by producing longer-lasting batteries."

Major European importers include Varta, the West German manufacturer that supplies Rolls-Royce, Lyac from Denmark, Fulmen from France and AC Delco, the General Motors subsidiary which set up a plant in France two years ago.

Japanese batteries, which first entered the UK last September when Mitsubishi introduced the "GS" battery to the UK, are now posing a major threat.

Mitsubishi, which now has 40 distributors up and down the country, claims its target penetration in the UK is quite low. It says it hopes to supply as many of the Japanese cars (about 11 per cent of cars in the UK) as it can.

Many fear this is only the beginning, as some distributors report Japanese prices as being about a third lower than UK competitors.

Imports have increased for several reasons. Firstly, there has been a long-term drift because of the growing number of imported cars in the UK. Although less true of the replacement market, there is some

Ashley Ashwood

Sir Michael Edwardes, chairman of Chloride.

association between the car's country of origin and that of the battery. Secondly, there has been tactical selling of surplus batteries into the UK, which is generally considered to have an easier distribution network than many European markets. Thirdly, there has been intense price competition. Japanese and European manufacturers, who experienced over-capacity before the UK, have been more prepared to cut profit margins so as to achieve extra volume.

While the pressure from imports is unlikely to subside, the major manufacturers are hoping the impact being made by smaller domestic manufacturers will at least flatten out.

Lucas thinks that as more sales to the end-user are chained through national distributors, this will give the larger manufacturers an advantage. It also believes that as battery technology becomes more complex, the battery business will swing more in favour of the companies that supply the original equipment market.

In the UK, the original equipment market is significantly served by only two British manufacturers, Lucas and Chloride. Lucas has recently won the three-year, single-source agreement at Austin-Rover and with Chloride supplies Ford.

Chloride, with Sir Michael Edwardes now back at the helm, is at last clawing its way back to profitability. The UK market, however, is crucial to the company, because profits in other markets cannot be offset against tax. "Chloride's high priority is to build up its UK earnings base," says Mr Geoffrey Cooper, a board member in charge of business strategy.

In this respect, the launch in the UK of the Torque Starter recombination battery is important. Introduced to he market last winter, this year will see whether it will make the major impact that is hoped for.

Recombination technology incorporates the electrolyte into the plates and separators of the battery. The battery is maintenance-free and totally sealed.

It is an expensive product, with a recommended retail price of around £40, while the cheapest batteries sell at around a third of the price.

Its critics say that while its qualities—no acid spills, easy to stack on shelves, a fully retractable built-in handle and its suitability for 92 per cent of all car models — make it attractive to distributors, its cost is prohibitive to consumers.

Apart from recombination technology, the "live design issue," according to Mr Cooper, is that of trying to reach the perfect balance between cranking ability and reserve capacity.

Cranking ability refers to the battery's capacity to start the car. It requires plenty of lead and thicker plates. Reserve capacity—which is needed to prevent the battery from discharging when the car is left unused — requires thinner plates.

Lucas is concerned that none of the British manufacturers has a big enough volume base in the UK to support the technological developments that are necessary for the future.

"We are still a world first division team and as technologically advanced as any, but will we stay that way in five to 10 years' time?" asked a company spokesman.

Can Britain stay in the first division?

Tungstone, part of the Hawker Siddeley Group, claims to be the UK's largest domestic supplier to the replacement market, with production of between 700,000 and 800,000 batteries a year from its plant in Market Harborough.

However, it admits that it could cope with a doubling of orders from existing plants without any problem. Most other manufacturers would probably admit the same.

APPOINTMENTS

Changes at Hutchinson Group

Mr Christopher Bland has become chairman of the HUTCHINSON GROUP on Mr Jeremy Potter's retirement. Mr Potter becomes a non-executive director. Mr Roger Houghton, Mr Chris Gill and Mr Charles Willis have been appointed to the Group board, and Mr Nick Webb will be joining the board on October 1. The management of Geographia/Nicholson is to be transferred to Cheltenham; the Robert Nicholson editorial office will remain in London. As a result, Mr Graham Lane has decided for personal reasons to leave the group at the end of September. Mr Peter Smith, at present marketing director, becomes general manager of Geographics / Nicholson from October 1. A combined Geographia/Nicholson board has been established which will include Mr Chris Moore (director of cartography), Ms Jacquie Krendel (editorial director, Robert Nicholson), Mr Steve Lenaerts, Mr Richard Tucker, Mr John Mottram and Mr Christopher Bland.

★

Mr Colin Haylock, finance director and company secretary of WS ATKINS GROUP CONSULTANTS, Epsom, has been appointed to the company's board.

★

Mr G. V. Bloomfield has retired as chairman and chief executive of MELVILLE TECHNOLOGIES and all its subsidiaries. Mr J. McG. Sowerby, a non-executive director, has resigned. Mr A. Cassels, a non-executive director, has been appointed chairman. Mr G. L. Hodge joins the board as group managing director.

★

HENRY JONES CONSTRUCTION, a subsidiary of the Scottish group F. J. C. Lilley, has appointed Mr David E. Beardsmore as chairman and Mr Graham D. Willoughby as managing director, following the recent retirement of Mr T. M. Bisset and Mr A. F. Jones.

★

ALBANY LIFE ASSURANCE CO has appointed an executive director and two regional directors in its broker division. Mr Malcolm Kerr, who has headed the broker division since 1982, is appointed executive director. He will be based at the company's head office in Potters Bar. Mr Malcolm Kerr, who has headed the broker division since 1982, is appointed executive director. He will be based at head office in Potters Bar. Mr Rodney Churchill becomes regional director for London and the south-east. He joined Albany Life in 1978 and, prior to his new appointment, was manager of the London city broker branch. Mr Rod Roberts is made regional director for the North, Midlands and West. A founder member of Albany Life's broker division, he was previously manager of the Birmingham broker branch, which he founded in 1975.

★

Following the retirement of Mr L. F. Titcumb, formerly chairman and managing director of NORMAN HAY, Mr Anthony Hay has been appointed chairman, and Mr Peter Hay managing director.

New managing director for Carruthers

Mr Eric Hodgson has been appointed managing director of Scottish crane manufacturer J. H. CARRUTHERS AND CO, replacing Mr William Cowan who remains on the board as chairman. Mr Hodgson joins the East Kilbride company from Moore and Wright, where he was managing director.

★

H. SAMUEL has appointed Mr John R. Gillum a non-executive director. He is a director of N. M. Rothschild & Sons.

★

Mr David A. Lowes has joined MORGAN STANLEY INTERNATIONAL as a vice-president on currency and interest rates swaps, from County Bank where he was a director.

★

STORAGE TECHNOLOGY, manufacturer of disk and tape storage systems, has appointed as vice president to oversee its European operations Mr Derek Thompson. He has been with the company since 1981.

★

Mr Brian Whitmee has retired as chairman of GENERAL CONSOLIDATED INVESTMENT TRUST and MOORGATE INVESTMENT TRUST, but will remain a director of both. The boards have elected Mr Mark Thomson as chairman.

★

SKETCHLEY has appointed Mr Eric B. Colwell as non-executive director. He is an executive director of Allied Lyons, chairman of Victoria Wine Company and of Britvic.

★

Mr David H. Dansie is joining HOGG ROBINSON GROUP on October 1 as a director of Hogg Robinson and Gardner Mountain (Reinsurance and Non-Marine).

★

Mr Philip Rimell has been appointed a senior director of COUNTY BANK. He was managing director of W. I. Carr Sons and Co. (Overseas).

★

For personal reasons Mr R. B. L. H. Holmes is retiring as chief executive of NATIONAL AND PROVINCIAL BUILDING SOCIETY. Mr J. F. Richardson, the deputy chief executive, will act as chief executive until a new appointment is made.

★

Mr Kaare Moe is to become chairman of the ACTINOR GROUP. He has been group managing director since 1977 and succeeds Mr Ragnar Halvorsen, who will remain on the board.

★

AMRA, the regional newspaper industry's advertising sales agency, has a new chairman. He is Mr Geoffrey H. C. Copeman, chief executive of Eastern Counties Newspapers Group. His election follows a change in the ownership structure of the agency. The agency's rapid growth prompted several publishers to bid for shareholdings and founder chairman, Mr Phil Harris, also chairman of Reed-owned Berrow's Newspaper Group, backed their joint ownership plan. AMRA shareholders now include the Liverpool Daily Post and Echo and EMAP Provincial Newspapers, as well as Eastern Counties Newspapers.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE HEADQUARTERS of A. & P. Appledore, a company which provides management and consultancy services to shipbuilding and repair yards around the world, is more like a welcoming but rather untidy home than the centre of a successful business due to go public with a listing on the Stock Exchange next week.

The building, in an exclusive part of London's South Kensington, is adorned with dozens of plants, while a swimming pool occupies most of the back garden. The chairman's office contains a huge round pine table, a comfortable sofa and several floor cushions piled around the fireplace—providing extra seating when board meetings overflow.

The air of colourful, organised chaos reflects something of the philosophy of this small company of around 50 people headed by the chairman Peter Nash. At any one time more than half the staff will be overseas in exotic sounding places like Neorion, Mariveles, Hyundai and Guangzhou. Others are anchored quite firmly at A. & P. Appledore's consultancy office in Newcastle, close to the university and the shipyards where many of them began their careers.

Peter Nash speaks volubly and enthusiastically of the skills and achievements of his team of consultants and shipyard managers around the world. Probably the only person who can out-talk Nash is Anthony Mackesy, deputy chairman of A. & P. Appledore.

Mackesy, less ebullient than Nash, and 13 years his senior, recognised Nash's talents when they worked together in the overseas division of Swan Hunter in the 1960s. He persuaded Nash to join him at Court Line's shipbuilding and repair business.

They subsequently recognised the potential for an independent shipping consultancy at a time when many companies were losing money hand over fist and formed A. & P. Appledore in 1966. What they had spotted was a niche in the market for a single source of supply for all the services required by a shipbuilding or repair facility. "We set out to provide that service, to say, if there is any problem in the setting up or running of your business, we can organise the answer," says Nash.

Since then, the company has remained small at around 50 staff, although they are responsible for managing some 2,870 employees. Staff are recruited directly to projects, costs being passed on to the client, and certain detailed work is subcontracted to specialists in civil engineering, design or mechanical engineering, if required.

Peter Nash: operating in well over 60 countries — Trevor Humphries

Appledore charts an expansionary course

The shipbuilding consultant is going public. Alison Hogan reports

The name of the company is derived from two of Britain's most successful shipyards in the mid-1960s. Austin & Pickersgill in Wearside and Appledore, the Devon-based yard then owned by Court Line. Nash and Mackesy got the two companies to back them in their new venture.

According to Nash there was a complete generation of management aged between 25 and 45 who seemed to be missing in the shipbuilding industry. "Prospects for the UK shipbuilding industry were not very attractive at the time and the brightest people could earn better salaries overseas," he says.

A & P Appledore managed to put together a young team of designers and engineers attracted by generous salaries (£4,700 a year instead of the average £1,700 they had been getting) and an exciting first project to assist South Korea in establishing its first major shipbuilding venture for Hyundai.

From the beginning, the company established a link with Newcastle University, renowned for its marine studies and naval architecture, and the alma mater of a number of A & P Appledore directors. The consultancy arm of the business is based in Newcastle and staff still occasionally teach on courses there.

Mervyn Hargroves was one such shipbuilding development engineer who was responsible for the design engineering and development work for Hyundai's Ulsan shipyard in Korea. A & P Appledore also operated a training school for some 10,000 workers of different nationalities, arranged training for supervisors, technical and management staff, provided a package of operating systems and a management team to assist with the early production.

Korea now ranks second only to Japan in the world shipbuilding league and A & P Appledore has sometimes been criticised for imparting British know-how overseas to the possible detriment of the home shipbuilding industry. Nash and Mackesy have no misgivings.

"If we had not done it then Japan would have stepped in. There is no question that being there generated an enormous amount of export business for the UK. A lot of British equipment was used and the first ships built were to a Scott Lithgow design," says Mackesy.

He reckons that exports arising from all their overseas work in well over 60 countries, runs into "hundreds of millions of pounds" and last year the company was awarded the Queen's Award for Export of "know-how."

Their work has not been exclusive of the UK. In 1972, A & P Appledore designed and managed the reconstruction of Cammell Laird, to include an undercover shipbuilding capacity which enabled the yard to deliver its first vessel, a Type 42 destroyer, a year ahead of schedule. It subsequently undertook major redesigns of two other shipyards, Austin and Pickersgill and Pallion.

In 1979, A & P Appledore expanded into shipyard management when it was appointed by two government-owned Greek banks to run the Neorion shipyard. It now has contracts for the Dubai Drydocks, for Sabah shipyard in Malaysia and is managing the conversion to commercial use of the naval dockyard in Gibraltar. It is part of a consortium bidding to take over the Falmouth shipyard and hopes to take on further management contracts.

A & P Appledore was bought out by its employees in 1978, four years after Court Line had gone into liquidation, after Austin and Pickersgill had been nationalised and its stake in A & P Appledore had passed to its parent, London and Overseas Freighters, and after some 20 takeover bids had been fought off.

All the senior staff applied for shares and most of them are still with the company. A condition of the shareholding agreement is that anyone who leaves the company must sell his stake.

A year after the management buy-out George Wimpey took a 20 per cent stake in the company and a joint venture, Wimpey Appledore, was set up to offer a consultancy, design and operational management service covering provision of ports and offshore projects.

Wimpey has lately begun to sell off its minority stakes as and when it can, which is one reason for A & P Appledore's decision to go public.

The company's directors also want the potential to acquire suitable businesses, should the opportunity arise in the future. An employee trust will be set up and most of the staff have applied for shares.

Nash and Mackesy are aware of the pressures of going public but feel that the opportunity to expand faster is worth the scrutiny of a public flotation.

The company is small and is expected to have a market value of around £3m. Pre-tax profits for the year to September are expected to be around £634,000 compared with £552,000 last year. They see growth continuing from both consultancy and management with the latter business including a share of profits from the shipyards in addition to an annual management fee.

They are always looking for new services for the shipping and related industries and see particular opportunities in the area of computer-based shipbuilding activities.

Book review

The Winning Streak: 'more clichés than insights'

BY RICHARD LAMBERT

ANSWER THE following questions:

- Do you think leadership is a jolly good thing?
- Does your company believe in maintaining very tight controls on all areas that matter?
- Has it built integrity into its way of doing business?

If your answer to these questions is "Yes," watch out. You could find yourself featuring in my forthcoming study, "In search of an instant bestseller," and that would be a grim experience for everyone.

There was nothing wrong in theory with the idea of producing a UK version of the phenomenally successful U.S. book, "In search of excellence." On the contrary, there is a real fascination—and maybe even a helpful lesson or two—in discovering what makes a well run company tick.

But in practice, Walter Goldsmith the former Director General of the Institute of Directors, and management writer David Clutterbuck have missed the mark in their new book, "The winning streak." Starting with the vaguely ominous subtitle, "Britain's top companies reveal their formulas for success," it contains more cliches than insights and its anecdotes are less likely to inspire the great mass of businessmen who struggle through each day to earn an honest crust than to make them gnash their teeth.

Why should such an obvious, well-intentioned book reduce a reviewer to the state of taking private bets about how often the word "culture" might appear on a single page? (My record is 8, on page 163). The answer is, perhaps, to be found in a comparison with the way Thomas Peters and Robert Waterman tackled their authorship of "Excellence."

Admittedly their book was written in the frothy style which is necessary to take the top spot in the New York Times' bestseller list for week after week. But it was based on years of solid research. As far back as 1977, McKinsey and Company set up two task forces to review its consultants' thinking on management strategy and corporate effectiveness. Two years later, this exercise developed into a full-blown project on the subject of excellence in big companies.

The book emerged as a spin-off from this effort, rather than as an end in itself. It covers its subjects in much more depth than does "Streak," which too often seems to accept uncritically the assertions of one or two top executives of the company being held up as an example.

The UK authors quote STC's Sir Kenneth Corfield: "We have one core value: mutual respect between all the people inside the company and between people inside and outside it."

And very nice, too.

Then there is the question of selection. The criteria used to pick the companies cited in "Excellence" were more rigorous than those used for "Streak," and not just in terms of the financial ratios. In particular, the U.S. authors looked at their companies' record of achievement as innovators, which was defined as a continuous flow of industry bellwether products and services, together with a general rapidness of response to changing market conditions.

"Streak" does not take innovation into account, explicitly at least, and its choice of stars is decidedly odd. Barratt Developments is there but not Beecham, Pritchard Services but not Glaxo. Allied-Lyons would not be on everyone's list of the most successful companies in Britain, and although AGB Research and Saatchi and Saatchi are excellent companies in their way, they are not an obvious choice as role models.

There is another important distinction between the two books. "Excellence" was written at least in part as a reaction to a trend in U.S. management: one which valued the numerative, rationalist approach to business above everything else. Waterman and Peters wanted to show that it was no good being the best business analyst in the world if at the same time you ignored your customers and your workforce. They were not against quantitative analysis, but they felt that a broader vision was necessary.

British business, by contrast, does not seem threatened with strangulation by a generation of overnumerate business graduates. If anything, it suffers more from a lack of rigorous management discipline than from too much. And it is noticeable that what distinguishes some of the most successful companies in "Streak" is not so much the breadth of their corporate vision as their single-minded, even un-British, attention to the bottom line.

Such stars as BTR, Hanson Trust, or Trafalgar House are tough, professionally-run businesses. They are not known as great innovators, and they don't seem to place too much value on developing a sense of corporate identity among their workforce or customers. But they do care about financial results. It is arguable that what at least some less-successful British companies need is not so much a proper awareness of their corporate culture as a good big dose of BTR's Sir Owen Green or of Lord Hanson.

To look on the bright side, there is some innocent entertainment to be found in this book. Guessing games, for instance: in which company can managers who fail to make sufficiently ambitious plans "expect to feel the full opprobrium of failure"? (GEC). Or again, what does Lord Forte think about family-run companies? (He's in favour.)

But in the end, "Streak" turns out to be little more than a catalogue of virtuous thoughts. It makes you yearn for a spot of brutish capitalism as an antidote: Lord Gnome, where are you?

"The Wining Streak," by Walter Goldsmith and David Clutterbuck. Weidenfeld and Nicolson. 304 pages. £9.95

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
21	22	23	24	25	26	27

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

Woza Albert! (Kreeger): The jumbo jet arrival of the Lord into Johannesburg is the implausible context in which two remarkable actors, Percy Mtwa and Mbongeni Ngema, reveal what looks like the whole gamut of the sad, funny and pathetic life of South African blacks. Ends Oct 7. Arena Stage (488 3300).

Zorba (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kordova and gets a rousing lift from the bouzouki score by John Kander and Fred Ebb, directed by the film's director, Michael Cacoyannis. Ends Oct 14. Kennedy Center (254 3770).

King Lear (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (546 4000).

CHICAGO

Candide (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim, John Latouche and Richard Wilber. Ends Oct 23. (443 3810).

TOKYO

Cats (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1601).

Kabuki (Kabuki-za) September Grand performances with a miscellany of 19th and 20th-century plays, highlight of which is the ensemble of Kabuki's most famous actors. Tammasaburo Bando, who specialises in female roles is a triumph as the heroine in Onatsu Kyoran, a dance-piece about a women driven insane when forced to separate from her lover and wanders the countryside in search of him. Excellent earphone guide and English programme notes. (541 1603).

No Strings. The Japanese version of C.P. Taylor's Broadway musical about the love story of a fashion model and aspiring writer. Directed by Hiroko Watanabe (probably Japan's best-known woman of the theatre performs, writes, directs), starring Eri Ishida, Hayashi Ryuzo. The Hakuhinken troupe is one of the best players of Western theatre. Hakuhinkan Theatre (571 1003).

Opera and Ballet

ITALY

Lucca: Teatro Giglio: To mark the 60th anniversary of Puccini's death, La Fanciulla del West, conducted by Romano Gandolfi, with Radmila Bakocevic, Silvano Carroli and Giuseppe Giacomini. (46147).

Venice: In the vast, de-consecrated church of San Lorenzo, the world premiere of a new opera, Il Prometeo, by Luigi Nono – described by him as an electronic-age fairy tale. The church has been transformed for the occasion by the architect of the Pompidou centre, Renzo Piano. The conductor is Claudio Abbado. First night Tue, repeats on Wed and Fri. (70 4482).

NETHERLANDS

Elektra, performed by the Netherlands National Opera, at the Amsterdam Stadsschouwburg Theatre. (020) 242311.

LONDON

Royal Opera, Covent Garden: Tannhäuser, an opera notably unlucky in previous Royal Opera stagings, is given this week its third postwar production at Covent Garden. Elijah Moshinsky produces, Colin Davis conducts, and the cast includes Klaus König, Gwyneth Jones, Eva Randova and Thomas Allen. Last performances of the fascinating new Turandot, with Ghena Dimitrova in the title role; more of the Tosca revival, with Mara Zampieri and Giacomo Aragall. (240 1066).

English National Opera, Coliseum: the new production by Graham Vick of Madam Butterfly, with Linda Esther Gray in the title role and John Mauceri as conductor, promises to be a controversial, determinedly original new look at a much-performed work. Further performances of the new Osud, a brilliantly successful staging of a little-known Janacek opera, played and sung with unsparing commitment by the whole company; also The Flying Dutchman, with Josephine Barstow and Neil Howlett, and the ENO's now rather faded Barber of Seville, given colour and vitality by Alan Opie, Della Jones, and John Brecknock in leading roles. (836 3161).

PARIS

Jacques Offenbach: La Perichole is being played at the Théâtre des Champs Elysées (723 4777).

The Rosegarden – Pierre Segher's spectacle of Persian music, paintings and poetry produced by Pierre Chabert (Thur). Théâtre de la Ville (274 2277).

BRUSSELS

XX Century Ballet directed by Maurice Béjart, Messe pour le temps Futur. Cirque Royal (218 2015).

VIENNA

Staatsoper: Un Re in Ascolto conducted by Schirmer with Armstrong, Adam and Moser. Lucia di Lammermoor conducted by Graf with Gruberova, Slania, Bonidolli, Bone and Bogart; Der Rosenkavalier conducted by Schneider with Janowitz, Wise, Rysanek; Don Giovanni conducted by Hager with Vaness, Mathis, Raimondi. (5324/2655).

WEST GERMANY

Berlin – Deutsche Oper: The week starts with Simon Boccanegra, starring Lucia Aliberti and Martti Talvela. Das Rheingold, the first production of the new Ring cycle produced by Götz Friedrich, is well cast with Diane Curry and Simon Estes. Orpheus and Eurydike, sung in Italian, has Florence Quivar, Lucia Peacock and Carol Malone in the main roles. Die lustigen Weiber von Windsor rounds off the week. (34381).

Frankfurt, Opera: Der Türke in Italien is conducted by Vollmar Olbrich. Capriccio has Helena Döse as Countess and Hans Helm as Count. There has been much applause for Berlioz's Die Trojaner. Gail Gilmore is making her debut as Kassandra. Eugen Onegin is worth a visit with Helena Döse and Benjamin Luxon. (25621).

NEW YORK

New York City Opera (New York State Theater): A full week of mixed repertoire features this week Madame Butterfly and Turandot conducted by Christopher Keene, Rigoletto conducted by Mark Flint, and The Rake's Progress in a new production designed by David Hockney, conducted by Christopher Keene and starring Erie Mills, Joy Davidson and Jerry Hadley. Lincoln Center (870 5570).

WASHINGTON

Maria Benitez Spanish Dance Co (Terrace): Mixed programme (Wed, Thur). Kennedy Center (254 9895).

TOKYO

Tales of Hoffman (in Japanese): The Nikkai Opera in a new production, the collaboration of Keisuke Suzuki, Japan's best-known opera director, and Seiji Ozawa (the latter supervised a recent production in Paris). Title role will alternate between Makoto Hayashi and Korea tenor making his Japanese debut, Chung Kwang. This is Ozawa's fifth staging of opera in Japan; his commitment to popularising it in his native country. Tokyo Bunka Kaikan (Tue, Wed) (383 9151, 571 1689).

Exhibitions

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

LONDON

The Royal Academy: The Age of Vermeer & de Hooch – the final showing of the splendid exhibition already seen in Philadelphia and Berlin of Dutch genre painting of the 17th century. The major figures, Vermeer, de Hooch and ter Borch, with Steen, Dou and Metsu not far behind, naturally dominate the show. The final room, given over largely to the big three, is worth a visit in itself. The show is full of surprises and unlooked-for treats from the lesser figures, and demonstrates too that "genre" is no narrow and exact category, but one that embraces as much variety of interest and technique as does the everyday which it so affectingly describes. (until November 18).

PARIS

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from Impressionism to the 1930 period. Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am – 5.15pm, closed Tue (265 9940).

Marc Chagall – to celebrate the 97 years of the artist, whose paintings have lost nothing of their poetical magic. The floating figures remaining dreamlike, the jewel-like colours as mysterious as ever, there are, *until the beginning of October*, three simultaneous Chagall exhibitions. 200 works on paper – drawings and gouaches are being shown at the Centre Georges-Pompidou, Paris (277 1233). 85 paintings at the Fondation Maeght in Saint-Paul-de-Vence (93 328163), and stained glass, sculptures and mosaics at the Musée Message Biblique in Nice. (93 817575).

WEST GERMANY

Berlin, Bauhaus-Archiv, 14 Klingelhöfer Strasse: The second part of an exhibition series dedicated to Wassily Kandinsky. This sequence has works from the painter's Russian and Bauhaus years between 1915 and 1933. It also contains pictures by some of Kandinsky's contemporaries. Ends Sept 23.

Goslar, Mönchehaus-Museum, 3 Mönchestrasse: Roughly 100 architectural designs, graphics and photographic documents by Friedensreich Hundertwasser, a contemporary artist. Ends Sept 23.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Kunstsalon '84 reviews the German artistic scene of the last three years through 240 paintings, graphics and sculptures by 146 artists living in the Federal Republic. Ends Sept 30.

Erlangen, Städtische Galerie, Palais Stutterheim, 1 Marktplatz: Future Spaces, Picture Worlds and Science Fiction Pictures of the World has everything pertinent to the topic – ranging from record covers, toys and comics to city planning models. Ends Sept. 28.

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

Venice: Palazzo Ducale: The Treasures of the Pharaohs – a rich and fascinating exhibition of more than 60 works (lent by the Cairo Museum) – covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

Ferrara: Palazzo dei Diamanti: Salvador Dali – 80 paintings (and various objects) some of which date from the elderly surrealist painter's seclusion in his Spanish castle. Ends Sept. 30.

Venice: Museo d'Arte Moderna di ca'Pesaro Egon Schiele: 1890–1918. Almost all works of this extraordinary painter. This exhibition was at the Campidoglio in Rome earlier this summer. Ends Nov 25. Open from 10.00am to 7.00pm (closed Monday).

VIENNA

Treasures of Dusseldorf Art Museum: A cross-section of German artistic development throughout the nineteenth century. Prussian castles to a louche but inviting beer-hall and many scenes from everyday life. Calm and prosperous family groups hang amid other portraits and landscapes that are majestic, moving or even witty. Kunstlerhaus, Vienna. Ends Sept. 30.

TOKYO

Jean-Francois Millet: The Boston Museum of Fine Arts whose collection of Millet exceeds that of the Louvre ends 65 works by the French pre-Impressionist (1814-1875) known for his scenes of peasants and landscapes. The highlight of this exhibition is a photo panel of his earlier Captivity of the Jews in Babylon discovered by X-ray under his later Young Shepherdess. Takashimaya Department Store, Nihonbashi. Ends Sept 30.

Chinese Ceramics, (Nezu Museum): Masterpieces from the Sung (960-1126) and Ming (1368-1644) dynasties. This museum, with its Japanese garden and tea-houses, is an oasis in Tokyo concrete. Ends Sept 30.

Chinese, Korean and Japanese Ceramics: (Matsuoka Museum of Art): 180 Chinese masterpieces, also Korean Celadon and examples of Japan's best-known styles. Interesting to see these close relatives in the same exhibition. Note particularly the beautiful form of the Korean pieces. Ends Sept 30.

BRUSSELS

The Age of Stonehenge presented by the British Council in collaboration with the British Museum and the City of Tournai. Covering the Late Neolithic and Early Bronze Age (3000-1500BC) the exhibition includes the mold gold cape, the Folkton decorated chalk drums, gold from early bronze age Wessex and the Rillaton gold cup loaned by Britain's Queen. Comparative material has also been loaned by France, Germany, the Netherlands and Switzerland. Grande Place, Tournai, ends Oct 16. (169/22 2045).

Galerie d'Egmont. Paintings by Pagarusha, ends Oct 3.

Brussels Parks and Gardens: Drawings, paintings, prints and maps of a fast-vanishing Brussels. The gardens of the Kings House as seen by Dürer in 1520. Fountains, grottoes, pagodas and follies of the private gardens such as Monplaisir, now Schaerbeek Railway Station, and the various views of existing geometrical (and some say Masonic) Royal Park, Banque Brussels Lambert, Place Royale. Ends Oct 20. Guided Tours (517 2877).

Music

TOKYO

Japan Philharmonic, conductor Okko Kamu. Tateno Izumi, piano. Sibelius, Grieg. Kani Hoken Hall (Mon). (234 5911).

Peter Serkin, piano. Beethoven sonatas. Tokyo Bunka Kaikan Small Hall (Tue). 571 1689).

Tokyo Metropolitan Symphony Orchestra, conducted by Zdeňsk Košler. Mahler. Tokyo Bunka Kaikan (Thur). (822 0727).

WEST GERMANY

Berlin, Philharmonie: The Munich Philharmonic Orchestra, conducted by Sergiu Celibidache with Strauss and Tchaikovsky (Wed).

BRUSSELS

Palais des Beaux Arts: Liege Philharmonic Orchestra conducted by Pierre Bartholomée with David Lively, piano – Strauss, Busoni (Tue). (512 5045).

ITALY

Milan: Teatro della Scala: Bruckner's 8th symphony conducted by Gustav Kuhn (Wed, Thur) (809128).

VIENNA

Thomas Schlee, organ. Fux, Bornefeld, Buus, Tournimire and Schlee, Karlskirche (Mon).

Vera Seitz: Arias by Mozart, Beethoven, Verdi and Offenbach. Urania (Tue).

The Mozart Boys' Choir: Mozart, Haydn and Schubert. Evangelical Church, Dorotheegasse. (Wed).

Swietly Piano Trio with: Daniel Sikuta, viola. Haydn, Mozart and Beethoven. Bosendorfer Saal (Thur). 65 6651).

LONDON

London Symphony Orchestra: Panufnik 70th Birthday Concert conducted by Andrzej Panufnik with Alberto Portugheis, piano. Bach and Panufnik. Barbican Hall (Mon). (638 8891).

Allegri String Quartet with Patrick Ireland, viola. Mozart, Haydn and Brahms. Queen Elizabeth Hall (Mon). (928 3191).

Philharmonia Orchestra conducted by Carlo Maria Giulini with Kathleen Battle, soprano, and Siegmund Nimsgern, baritone. Brahms. Royal Festival Hall (Tue). (928 3191).

English Chamber Orchestra conducted by Philip Ledger and Donald Fraser with Teresa Cahill, soprano. Boccherini, Fraser, Mozart and Handel. Queen Elizabeth Hall (Tue).

London Philharmonic Orchestra conducted by Norman del Mar with Piers Lane, piano. Mendelssohn, Schubert and Beethoven. Barbican Hall (Tue).

City of Birmingham Symphony Orchestra conducted by Simon Rattle with Cecile Ousset, piano. Berlioz, Delius, Rachmaninov and Brahms/Schönberg. Royal Festival Hall (Wed).

PARIS

Helge Antoni, piano: Scarlatti, Beethoven, Field, Schubert (Mon). Salle Gaveau (563 2030).

J.-J. Kantorow, violin, Marc Laforet, piano: Beethoven, Chopin, Albeniz, Kreisler (Mon 6.30pm). TMP-Châtelet. (233 0000).

Paris String Trio, Patrick Galois, flute: Mozart, Beethoven (Mon 8.30pm). Billettes Church. Tickets on arrival.

Bernard Thomas Orchestra J.-J. Kantorow, violin: Mozart, Beethoven (Tue 6.30pm). Saint-Germain des Prés church. Tickets on arrival. *Both the above concerts are part of the Paris Chamber Music Festival.*

WASHINGTON

National Symphony (Concert Hall): Rafael Fruhbeck de Burgos conducting, Alison Deane piano. Mozart, Copland, Kodaly (Tue); Andrew Litton conductor/pianist. Mixed programme featuring Gershwin (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti opens the season with an all-Handel programme commemorating the 300th anniversary of Handel's birth with soprano Elizabeth Hynes, mezzo-soprano Marilyn Horne, tenor Keith Lewis and bass Gwynne Howell (Thur).

Sarah Patterson and Angela Lansbury in "The Company of Wolves"

Cinema/John Pym

If you go down to the woods today . . .

The Company of Wolves, directed by Neil Jordan
Streets of Fire, directed by Walter Hill
Lassiter, directed by Roger Young

"There's a risk that the critics will accuse us of filling Neil Jordan's head with video nasties," thus Stephen Woolley, co-producer of Neil Jordan's second feature, *The Company of Wolves*. The movie, adapted from a story by Angela Carter, is the first from the production arm of Palace Pictures, the youthful distribution company which, as well as snatching *Paris, Texas*, this year's winner of the Cannes grand prix, from under the noses of Britain's more-established independent distributors, has made a canny fortune from the video and theatrical release of that bona fide "nasty" of youths-in-jeopardy, *The Evil Dead*.

The Company of Wolves, a girl's nightmare about her older sister's death and her own subsequent adventures in a dark perilous wood, has a stylish confidence (it was shot on a £2m budget chiefly at Shepperton Studios) the like of which has not been seen for many years in a British film. But it has too, it must be said, a full ration of "nastiness." A man's face is split open from the inside by a wolf's emerging muzzle; poor Angela Lansbury is briskly decapitated by a man troubled by the full moon; and more. These, however, are very much distanced, cinematic horrors: one tingles, chiefly, at the skill of the effects.

Although the world into which the girl, Rosaleen (Sarah Patterson), is plunged is full of momentary frights (two well-worn soft toys, having grown enormously, now desire to hug her disliked sister), her perception of it is notably innocent. Sexuality has not yet dawned. Real creatures are everywhere, but she believes what she has been told: "keep to the path, no harm will come."

This forest is a marvellous, almost-real construction: the jungles of *Greystoke*, despite their vistas, pale in comparison. Carefully lit, they appear shrouded in a perpetual hammer mist; the action is driven along by George Fenton's insistent, subtle score. We have, we are reminded, been here before, though nothing seems hackneyed or exactly familiar. The forest hamlet, a stark non-naturalistic contrast to the handsome country house in which Rosaleen lives in the real world, with its panting Alsatian, neglected upper landings, rucked carpets, precise set decorations and her coiffed parents (Tusse Silberg and David Warner), is peopled with as stereotyped villagers as ever were found at the gates of Count Dracula's castle. But they have been precisely placed; they are not there to guy themselves.

Rosaleen's sister was taken by the wolves. Granny (Angela Lansbury), who lives a little way off, knows all about these creatures, is full of gruesome matter-of-fact cautionary tales. Rosaleen listens wide-eyed, still innocent. Soon we are in a tale within the dream; and then the tales become mixed up with the dream world. But still Jordan and his co-writer Angela Carter manage to carry us with them, disbelief suspended. Among recent films, only John Landis's *An American Werewolf in London*, with its lonely lycanthropes and equally extraordinary consformation scenes, has caught — though in a comic register and to a different end — a comparable tone of horror and melancholy longing. In the end, Rosaleen comes to crave the company of wolves, those terrible handsome beasts who come at night for purposes too terrible to contemplate.

The Prince of Darkness (Terence Stamp) glides along a forest path in a long motorcar, his entrance as arresting as the silent appearance of the rat ship in Herzog's *Nosferatu*, and dispenses a jar of body-hair restorer. There is a glorious wedding party, worthy of *Barry Lyndon*, at which the effete aristocratic groom is cursed by a pregnant commoner and the guests, to the delight of the servants, turned into befrocked wolves who tear out of the marquee and flatten a surprised peacock as they head for freedom.

What all this has been building towards, it comes as no surprise to discover, is a retelling of the story of Little Red Riding Hood. Who is waiting beside the path, as Rosaleen makes her way to Granny's, but a handsome huntsman out of pantomime whose eyebrows meet in the middle. He wagers a kiss that he can get to the old lady's cottage before the girl. He has all the surface charm that her tousled youthful admirer from the village lacks. When he beats her to it, even a red-hot poker cannot save game Angela Lansbury. When Rosaleen appears, she is equally undaunted and blasts the creature with his own gun, but not fatally. She is softened by his tears.

It's a pity to spoil the end of this remarkable film, which is distinguished by many feints and turns and cross references. Despite its ambition it never loses sight of the need to entertain. The performances are uniformly commendable; the photography is by Bryan Loftus; the special effects supervised by Alan Whitley; and the make-up effects by Christopher Tucker. The Odeon Leicester Square is a large theatre. It deserves to be full.

Streets of Fire is a horse of another colour. A title announces "another time, another place" and adds "a rock and roll fable." The opening of this recovery-of-a-kidnapped-girl picture has all the abbreviated dash of its writer-director Walter Hill's earlier *48 HRS*. Like Alan Parker, Hill knows how to edit for effect, but in this instance, as an urban American gang descends on a concert hall where Ellen Aim (Diane Lane) is belting out an old-fashioned rock number as if her life depended on it, it proves to be effective for very little purpose.

The fantasy world with which Walter Hill and his co-writer Lary Gross noisily confront us is as circumscribed by cinematic tradition as the forest of *The Company of Wolves*. The mist in this jungle, however, issues from street grates; the drug store, the standoff, the rumble are as familiar as the curling hairs sprouting on a werewolf's chest. The trouble here is that one is only to aware of having seen it all before.

The audience is clubbed, in the belief that this is what they enjoy. Motorcycles crash again and again; the hero from out of town summonded to rescue Ellen (Michael Paré) is stone-faced to the point of fossilisation; the kidnap gang, The Bombers, are led by one Raven (Willem Dafoe), blacker than whom they do not come. Granny warned Rosaleen about those other wolves, those with hairy insides; but when the girl met one, in the form of the beautiful lovelorn huntsman (Micha Bergese), he turned out to be a seducer of beguiling charm. Raven is just a brute; one knows the girl will be rescued; and one doesn't care tuppence about the outcome.

Lassiter, a Golden Harvest production directed by Roger Young, finds an American jewel thief (Tom Selleck) blackmailed by an excessively heavy Scotland Yard cop (Bob Hoskins) into lifting a consignment of diamonds from the German embassy in London on the eve of the Second World War. Lauren Hutton is the sadistic beauty whom the thief is required to service in order to get a crack at the safe: the man before him succumbed to a hatpin in the neck during lovemaking. Tortuous and at times gratuitously nasty.

Amy Madigan and Michael Paré in "Streets of Fire"

Dramatist's bursary

The Arts Council has awarded a major theatre writing bursary of £5,000 to the dramatist Jeremy Brooks, well-known for his adaptations, including works by Gogol, Chekhov, Ibsen, Strindberg and Solzhenitsyn,

Saleroom

Antony Thorncroft

The London salerooms have come back to life this week with major auctions devoted to books, designed to tempt the dealers from throughout the world in the city for the Antiquarian Book Fair at the Park Lane Hotel.

The morning session at Sotheby's yesterday totalled £462,319, with 24 per cent bought in. This high unsold percentage was largely attributable to a copy of Audubon's "Birds of America," which was unsold at £52,000, below its *reserve price*. *The rest of the sale did well.*

Kraus, the New York dealer, paid £46,200 for a Dutch atlas produced in Amsterdam by van Keulen in 1695 (it doubled its top estimate) while Quaritch paid £42,900 for a two volume edition of Cervantes "Don Quixote," one volume being from the first edition and one from the second.

Viscount Kingsborough's "Antiquities of Mexico," produced between 1830-1848 in nine volumes and with 743 lithographs, went for £14,300. The book cost the Viscount £32,000 to prepare and bankrupted him.

Bloomsbury Book Auctions was first to take the hammer, on Tuesday, when it sold the collection of the late W. R. Jeudwine for £250,000. This was its first auction in its new premises in Hardwick Street, EC1, and, with only 2 per cent bought in, was a success.

The top price was the £15,000 paid by an American collector for a lavishly illustrated 1501 German edition of "Aesop's Fables," but of more interest was the exceptional price of £12,000 each, paid for two books expected to sell for less than £1,500 each. Two dealers, Beres and Breslauer, badly wanted the books, 16th century editions of "Orlando Furioso" and "Illustrium Imagines," for their excellent bindings. Beres was the successful bidder in both cases.

Christie's sale on Wednesday totalled £321,510, with 11 per cent bought in. A private collector bought the correspondence between the German philosoper Schopenhauer and the journalist Lindner for £45,360.

Israel, the dealer, acquired Levaillant's "Histoire naturelle des perroquets" for £21,600; Hartnoll, of London, paid £11,880 for 75 letters by Burne-Jones to his daughter *and Quaritch bought a first edition* of John Dee's rare "The perfect arte of navigation" for the same sum.

Loot/Lyric

Martin Hoyle

"It's the comics I read," explains Joe Orton's young hero shrugginly, on deciding to replace his mother's corpse with a coffin's worth of stolen money; and all is made clear. Orton's ruthless honing down of the trivia of everyday conversation crystallises his characters into monstrous figures from an adult comic strip. As stylised as hieratic Egyptians, they pursue a madly consistent logic-chopping that recalls W. S. Gilbert. (What is more Gilbertian than a policeman who scornfully rejects the truth whenever he bears it or a criminal incapable of telling a lie?)

The tenuous links of these grotesques' oblique exchanges often recall the bland inconsequentiality of the Goons. Only Orton's Wildean aphorisms let him down. "I'm not in favour of private grief; show your emotions in public or not at all," sounds as if it should be witty but isn't quite.

The laboured verbosity that too often lapses into facetiousness is *skimmed over at a cracking pace* in Jonathan Lynn's successful production, now reopening in Shaftesbury Avenue. Leonard Rossiter's predatory inanities were never more menacing than when used for Truscott of the Yard's beaming menace or fatuous bafflement—despite a penchant for apparently private jokes to which the audience are not privy. Gemma Craven's homicidal nurse captures the comic-strip style to chirpy perfection with the unremitting brightness of that blank inhuman smile. At this snappy speed the business with the *corpse* is as funny as the dialogue, the metallic toccata of laughter and mortality punctuated with the occasional dissonance. "What will you do when you grow old?"—"I shall die."

On the printed page Orton's plays read like the skittish effusions of a Sixties *enfant terrible* out to prod as many sacred cows as possible. This production exploits a timeless, zany quality in his humour that transcends mere modishness. Amusing, still cruel, slightly shocking, it comes up astonishingly fresh; well within the tradition of English logical nonsense, as its shrewdly workmanlike author intended all along.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday September 21 1984

Priorities for Europe

THE MEMORANDUM of the Confederation of British Industry asking the European Community to cease meddling in worker-employer relations is both timely and one sided. It is timely because unemployment and structural problems in industry have so changed the real world since the Community was founded as to make a re-assessment of priorities imperative.

It is one-sided because it is steeped in some traditional British attitudes. The authors of the memorandum are in danger of viewing the Community as an industrialists' club, ignoring the social dimension that the Community has had since its inception.

The CBI is right to emphasise thta in the pass that Europe has reached the first task of economic, industrial andsocial policy must be to re-open the road to growth. It has been abundantly demonstrated in more than one Community country that without growth existing social benefits—whether from the state or direct from employers—cannot be financed much longer. As the age structure of the population deteriorates the problem will become even more acute.

For steady growth to resume, the competitive process and the removal of many remaining barriers to trade in the Community must be permitted to overcome distortions that act as a brake upon efficiency.

Efficiency must extend to the labour market. The protection of outmoded structures—be it in the British coal mines, Italian steel works or on German farms—will not foster growth.

Harmonisation

In these circumstances, the Commission and member governments must re-examine their priorities and consider what can be done most usefully at Community level. There is a need for continuing the process of harmonisation, provided it facilitates the economic and industrial integration of the member states. There is scope for the removal of barriers not only to trade but to link-ups and mergers of industrial companies. In so far as differing national company legislation inhibits the forging of such links, there is a legitimate case for Community-wide harmonisation.

But the desirable progress towards harmonisation has become entangled with attempts at what critics regard as experiments in social engineering. To take one example: proposals emanating from Brussels to "create" "jobs" by reducing individual working hours will increase industrial costs, reduce the competitive strength of industry, diminishing growth and fience prove self-defeating.

There is a danger that much time and effort will be wasted on social policy initiatives that are either irrelevant to the main task of recreating the conditions for growth or that may actually militate against that objective.

Legislation

The challenge for all concerned will be to bring about the necessary flexibility in EEC markets without destroying the basis for establishing a social consensus. The desire for such consensus has been a main strand in Community thinking from the very beginnings in the 1950s. The founding fathers wished to dispel suspicions among Socialists and trade unionists that the great adventure of the original six would be no more than a capitalist ramp. That need remains in the chilly economic climate of the 1980s.

Certainly there is plenty of scope for improving relationships between capital and labour in Europe and for increasing the sense of commitment on the part of all employees to the success of the enterprise they work for. The engineering strike in Germany this spring and summer, no less than the British coal strike, shows what can happen if union leaders lose touch with economic reality. But it is extremely doubtful whether a consensual approach to these matters can be promoted by legislation at the Community level. For one thing, the industrial traditions in member countries are so diverse that a common legislative framework is simply not feasible for a long time to come.

The task for the Commission is to press ahead with those aspects of harmonisation where real economic and industrial gains can be made. On social and labour relations issues, instead of pursuing objectives which are more relevant to the 1960s, it should take a fresh look at how best to protect the interests of employees in the entirely different competitive environment of the 1980s.

Private jobs for public servants

A GROWING number of leading British companies are recruiting senior civil servants to their ranks, particularly in the defence field. Is this a cause for concern?

As a general principle the more attempts there are to break down the rigid barriers between public and private sector careers the better. The miserable trickle of people between the sectors suggests that each is effectively denying the other access to a vast pool of expertise. Every effort needs to be made not only to encourage the movement of civil service and public sector employees into the private sector but also—no less important—to get some movement the other way.

But, even with the current low level of movement, some caution is needed to minimise any risk of impropriety. Both the concept of public service and the extreme sensitivity of government contracts, especially in the defence sector, dictate that relationships between the customer's advisers (civil servants) and the contractor (perhaps former civil servants) have to be, and be seen to be, pure and unsullied.

Virtual Veto

It is the potential for conflicts of interest rather than evidence of any actual misdeed which has caused the Commons all-party Treasury and Civil Service Select Committee to examine the situation in detail for the second time in three years. Many of its proposals for tightening up the system of control seem to be unnecessary. For example, there is no logic in raising the maximum possible period of delay over an appointment from two years to five years. Two years is itself a virtual veto. In any case industries seeking major government contracts are unlikely to incur the displeasure of the "client" by insisting on appointments regarded as deleterious.

The present system of checks and balances has been proved to work effectively over the years. The Advisory Committee under Lord Diamond has vetted applications from the most senior levels of the civil service.

However, the recommendation that civil servants should abide by a code of conduct after their move, prohibiting them for five years from representing their employer on specific and significant matters for which they were responsible, is sensible. It should do much to allay fears over specific contracts. Only if a clear abuse of the code occurs should statutory sanctions for miscreants be considered.

Continuity

The report also makes constructive suggestions about the Diamond Advisory Committee. An important improvement would be to make it responsible for all applications to move from under secretaries and above together with those from lower ranks when there had been extensive dealings between the applicant and his prospective employer.

The report also recommends a strengthening of the committee, which now comprises only former public servants, to include two senior back bench MPs. Appointing members for three years and retiring two each year would combine continuity with a fresh approach and those two changes together would allay fears that vetting was "by the boys for the boys."

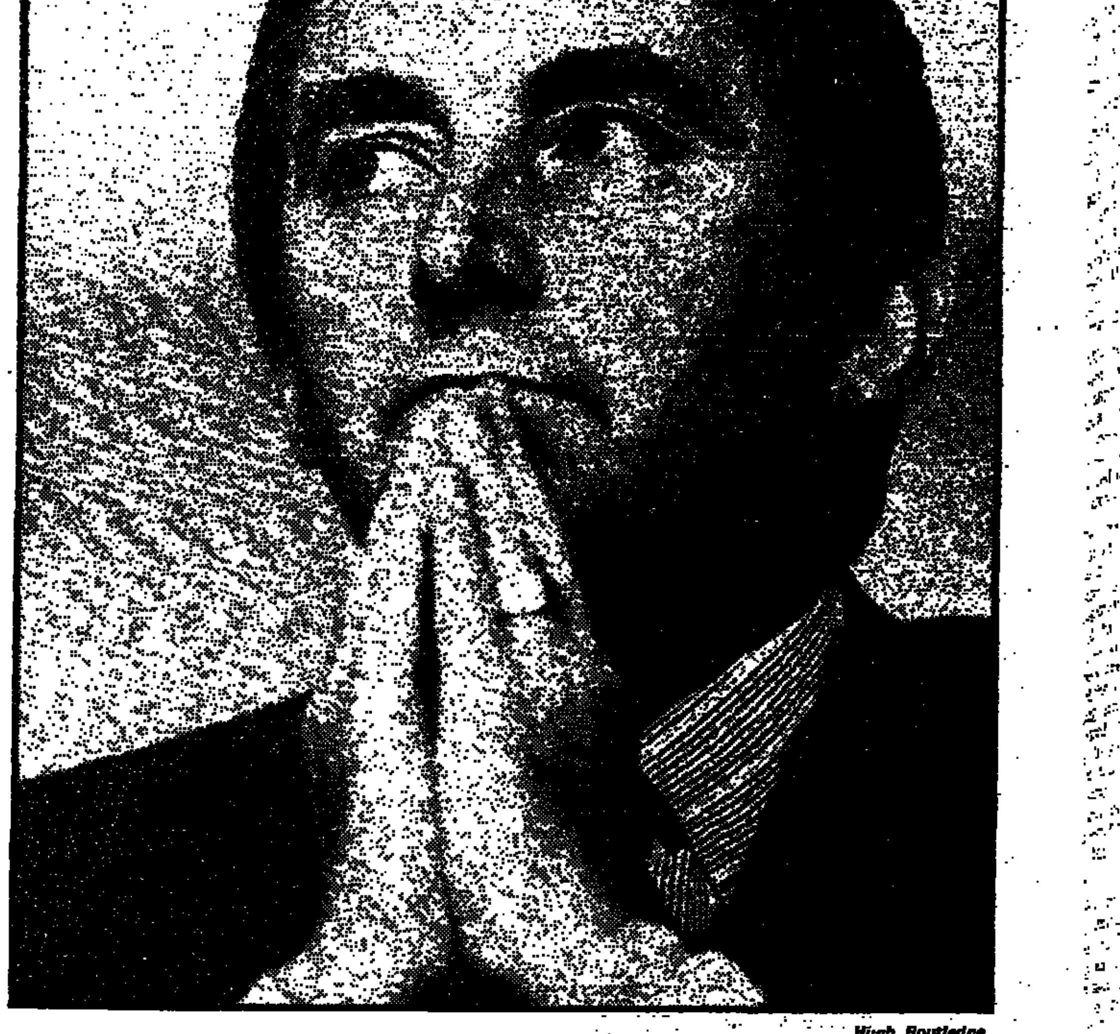
The nature of the issue means, however, that no matter how stringent the safeguards there might always be a residual concern that a civil servant could, through the prospect of more lucrative employment, be tempted to deviate from the requisite impartiality in dealing with contract negotiations. A healthy alternative to this view would be that major companies ought to be more attracted to civil servants who had treated them toughly and who could, therefore, be expected to act equally robustly on behalf of their new employer.

If there is a persistent anxiety, as the report implies, the Treasury and Civil Service Committee may have missed the real point behind it. The most effective deterrent to misbehaviour would be for a strong Parliamentary Committee such as the Public Accounts Committee to exercise, with the aid of the Comptroller and Auditor General, a much more detailed and rigorous examination of all major public sector contracts.

POLITICS TODAY: THE LIBERALS

A party grows up, warts and all

By Malcolm Rutherford in Bournemouth



David Steel: doubts about leadership and a defeat on defence

Hugh Routledge

WHATEVER Mr David Steel tells the Liberal Assembly in Bournemouth this afternoon, it is clear that the party is bigger than it used to be: bigger in every sense of the word.

It has more troops and it has more would-be generals. It has internal power struggles and there is already a battle for the leadership succession. Not least, there are the divisions over defence.

Indeed, there have been many times this week when one has been reminded of a Labour Party conference without the unions. It is all more democratic of course, and there are no block votes, but the Liberals by and large are now well to the left of the Social Democrats, their partners in the Alliance.

There is even a Christian left-wing, reminiscent of some of the early socialists. The Liberals have taken to beginning their conference day with prayer meetings at 8.00 am. It turns out that at least three Liberal MPs, Mr David Alton, Mr Simon Hughes and Mr Richard Wainwright, are lay preachers.

They sing revivalist hymns and talk about applying the gospels to their political vocations. Even Mr Steel, himself a son of the Manse, seemed slightly embarrassed by their fervour and demanded an authorised version of the Bible before giving his reading from St. Matthew.

What is more, in a straight crib from the Labour Party, the Liberals have introduced a major innovation in their proceedings. This is the Liberal News Rally, named after the party newssheet which at present has a circulation of little more than 6,000, but is intended to become the campaigning paper of the future.

The meeting on Wednesday was a direct imitation of the Tribune Rally which has been

The conference bogeyman is Dr David Owen

a high spot of Labour Party conferences over the years. At least two of the contenders for the succession—Mr Michael Meadowcroft, the MP for Leeds West, and Mr Paddy Ashdown, the MP for Yeovil—made speeches ostensibly supporting Mr Steel, but also staking their own claims. The party's right and centre were scarcely represented on the platform.

In the middle there was an appeal for funds for the paper. Not so long ago, that was how Mr Neil Kinnock made his name, as the brilliantly funny fund raiser for Tribune. The man who could do the same thing superbly well for the Liberals is another contender for the succession, Mr David Penhaligon, the MP for Truro, but he is not on the left wing of the party and was not taking part. The task fell to Mr Paul Tyler, the party chairman, who made no jokes at all.

Mr Penhaligon had had an unfortunate experience earlier in the day when he told the full Assembly that there was a case against allowing secondary picketing en masse if only because it was an offence to interfere with other people's liberties. He was voted down, though by a narrow majority.

So what of Mr Steel's future and that of the Alliance? In a way the two go together, since Mr Steel was after all a founder member and built up the relationship with the Social Democrat leaders. But let us take the Alliance first.

It is in no great danger. The criticisms tend to come from the edges, and from people who have personal axes to grind—like Mr Ashdown in his search for an ever higher profile. The generally accepted description this week has been "liaison *rather than marriage*" and that is about right.

The relationship between the two parties when they meet seems to have been reduecd (or raised) to one of rather friendly banter as illustrated by the following exchange.

Mr Ian Wrigglesworth, SDP MP for Stockton: "When I heard the mikes weren't working, I knew I was at the Liberal Assembly." A mixture of hisses and cheers.

Mr Wrigglesworth: "I hear you had Bill Rodgers down here *this afternoon." Loud boos* and shouts of "Bill Who?"

Mr Rodgers, an original member of the Gang of Four and SDP vice-president, is not popular with the Liberals. He told the Assembly this week that there should be no great change in the allocaton of seats between the two parties at the next General Election, though he also offered the emollient, which Dr David Owen has not yet quite done, of saying that the Alliance was permanent.

He was booed. Some of the Liberals, like Mr Ashdown, are calling for a net transfer to themselves of 30 to 40 seats.

Mr Roy Jenkins by contrast was in his element here. He loved it and the Liberals loved him. He was probably even more warmly received in Bournemouth than he was at his own party conference in Buxton last week.

The bogeyman is Dr Owen, who did not appear. Liberal suspicions of him appear to have three foundations: his embrace of the social market economy, his relative hawkishness on defence and the way he seeks to preserve a separate identity for the SDP. Possibly some ambitious Liberals like to see his high public stature as a sign that Mr Steel's own leadership is failing.

None of this should be taken, however, as meaning that the Alliance is under serious strain. Both parties know how much they need each other and in the end the only basis for increased co-operation can be one of rough parity, including on the allocation of seats. Questions like a joint leader at the next general election do not remotely need to be settled yet.

Meanwhile, as Mr Wrigglesworth—now a first-rate political performer—has pointed out, the liaison can grow from the grass roots upwards. On top of that, the relationship between the two Davids is respectful, if not close. The two men did meet for consultations on Sunday just before the Assembly began.

Mr Steel's problem all week has been defence. He made a spirited speech against the immediate removal of all cruise missiles from Britain in yesterday's debate, and lost. The vote was 958 to 611. You could see the disappointment on his face.

Again, it was reminiscent of the Labour Party and Hugh Gaitskell's fight against unilateral disarmament. Mr Steel came down to the rostrum from the platform to make every internationalist point in the book while at the same time advocating a unilateralist step in the shape of a freeze on British deployment pending their removal through negotiations on arms control.

He also noted how divisions on defence had harmed the Labour Party in the last general election. Most of the Liberal MPs supported him, but he was still defeated.

Yet there is another point about Gaitskell. He went on fighting. Mr Steel is likely to do the same. He said shortly afterwards that he had no intention of resigning the leadership. He hoped only that the vote would not be judged too harshly by the SDP. The Liberals, after all, had voted for other aspects of defence policy that were by no means unilateralist: for instance, putting Polaris into international arms negotiations rather than scrapping it forthwith.

Besides, as he correctly added, the Liberals debate this week was very largely academic. Who knows what will have happened to East-West relations by the time of the next British general election?

Nevertheless, Mr Steel's leadership of the party is not what is used to be. One of the reasons for this has been the Liberals' success and that of the Alliance. There have been battles for the succession before. Mr Steel and Mr John Pardoe fought each other quite fiercely for the leadership last time. The difference now is the sniff of real power.

There have been battles for the leadership succession before. The difference now is the sniff of real power

Hardly anyone wants Mr Steel to go this side of the election, and certainly nobody serious would admit to such a thought. On the contrary, the party depends on him for his television performances and national standing. His achievements are considerable. He took the party through the Lib-Lab pact when Liberal support in the country fell markedly and there were few by-election successes. Then *he built it up again.*

But there is a feeling among some Liberal MPs and party activists that it is time for Liberals to branch out again. Mr Steel's function was a manager and a popular national figure. Now, it is said, the party should be campaigning in the clubs and the pubs and getting away from the narrow focus of Westminster.

That view is put most strongly among MPs by Mr Meadowcroft and Mr Ashdown. The former says that it has been a Liberal characteristic to be self-effacing. That should stop. Mr Ashdown says that Westminster—"that bloody place," as he called it at a fringe meeting—is a farce.

Others, outside Parliament, support them: Mr Des Wilson, architect of so many campaigns like Shelter, for example. The extension of this view is that the 17 Liberal or 34 Alliance MPs should not longer concentrate on every single parliamentary issue. Instead they should break themselves up into about seven commando or guerrilla groups—these are the words actually used—and concentrate on what matters most: peace, the Third World, the environment, civil rights and capturing the young.

Mr Ashdown, a former member of the Special Boat Service and briefly a member of the Foreign Office, adds a term of his own: "inter-party discipline." No doubt the slightly Marxist-Leninist connotations of "inner party democracy" and then "democratic centralism" are not intended to come to mind, but they do not leave the pleasantest taste. The Liberals are no longer a gentle party.

The Liberals are no longer a gentle party

How realistic is it all? The answer is that it is no longer as unlikely as it was. The alliance could perfectly well emerge as the major opposition grouping after the next election, which is the most that the bulk of its members reasonably expect. After that, who knows?

Yet there is always a danger that being at a party conference causes a loss of perspective. Bournemouth this week was not quite the real world. The Government goes on outside.

Never was that clearer when Lord Ezra, the former head of the Coal Board, rose to talk about the miners' strike. Undoubtedly it is a coup for the Liberals to have him as a member and what he said was reasonable enough and was heard with respect. But it was really kindergarten stuff, tried several times already by those in power. He never once faced the question of what happens if Mr Arthur Scargill refuses to accept all the olive branches that have been offered.

A few hours earlier Mrs Thatcher had been talking about the prospects of a continuation of the dispute on the Jimmy Young Show. What could be more populist than that?

As for the size of the conference, yes, it is bigger than before, but perhaps the Tories and Labour conferences will bring back a sense of proportion.

Men and Matters

Lining up for the Big Bang

As the number of eligible but unmarried stock market firms dwindles rapidly, attention is now switching to the inevitable crescendo of job-changing and headhunting as the new combinations seek to get their acts together ahead of the "Big Bang" start of the new trading systems in 1986.

I see that brokers W. Greenwell, one of the top names in the gilt-edged market, have moved swiftly to bag Robert Stedall of Engelhard Metals, adding to the Alan Reid (ex-Smith Barney) catch announced earlier in the week.

Greenwell have moved into the Midland Bank/Samuel Montagu camp, and will eventually—Stock Exchange rules permitting—reappear as a 50-50 owned company called Greenwell Montagu (GM? Where have I seen those initials before?).

The firm rejected the idea of buying a ready-made jobbing outfit. "We decided that we would go after the people," says Greenwell's Gordon Pepper. "Now we have put two of the pieces into place."

Stedall a manager not a trader is the man who will design the systems which will underpin Greenwell Montagu's bond trading efforts. Reid a Eurobond ace is the one selected to be head trader, and for the time being will be keeping his market-making skills tuned up on Montagu's Eurobond side.

Aspiring bond traders need not lose heart, however—Greenwell Montagu will eventually be needing nine or 10 dealers to man its sterling bond desks on the spanking new trading floor planned for its premises in the redeveloped Billingsgate market, where traditional fish trading will be very much a thing of the past; from gills to gilts, you might say.

Rentathought

When the power of constructive thought fails world leaders henceforth, they will have a ready-made organisation to turn to.

The celebrated "lateral thinker" Dr Edward de Bono, comfortably ensconsed in his palazzo on Malta's south coast, has told my man about his latest brainchild. It is called the Supernational Independent Thinking Organisation (SITO).

De Bono says. "Sito is going to be an intellectual Red Cross. It will focus the power of human thinking on the concerns and disputes of an increasingly complex world."

He has in mind such touchy tiffs as border disputes, offshore oil drilling rights, and international debt problems.

Sito will try to bring the parties together to explore "provocative probes" and take part in "thinking talks." It will also work towards providing "thinking treaties."

De Bono, who was born in Malta 51 years ago, is claiming considerable international interest in his scheme at government level. But some of his clearest support has come from nearer home. The disputatious Dom Mintoff, the Maltese Premier, has told him to "go ahead and give it a try."

De Bono could cut his teeth on the row currently raging between Mintoff and Malta's Catholic Church over its fee-paying schools.

Remember the good old days when we listened to Jimmy Young for the quick recipes?

Open order

"Maybe we were excessively secretive in the past," said Dr Armando Corona, Grand Master of the Italian Grand Orient, the controlling body of Italy's 600 Masonic Lodges, in what might fairly be called a masterly understatement.

Corona was speaking to journalists in Rome when the Italian Grand Orient actually called a Press conference—thus scoring a double first for both an Italian Grand Master and the Grand Orient.

With the seamy recent past of parts of Italian Freemasonry in mind Corona went on, "But we Italian Freemasons have to speak out to make our voice heard."

He could not resist adding with a touch of bravura: "We are not like the British Freemasons who are part of the ruling establishment. The British Freemasons would never dream of doing this sort of thing . . ."

Italian Freemasonry has lately become inextricably linked with the tale of the P2 Lodge whose Venerable Master Licio Gelli created a sinister network; its members seem to have been involved in almost every major Italian scandal in the past ten years.

The Italian Grand Orient has always insisted that P2 was effectively outside its control, and was a distortion of true Freemasonry.

Which leaves the question, "What does Italian Freemasonry stand for?" A small part of the answer will be revealed in Rome today at a special conference arranged by the Grand Orient.

So anxious are the Italian Freemasons to improve their image that the conference, called Pythagoras 2000, is open to the "profane"—which is what they call non-Freemasons.

Ulster box office

In the light of the fact that the Dublin theatre festival was cancelled this year because of guerrilla warfare within the city's artistic community, it is interesting to note that in Belfast, where they have that sort of thing in real-life, the festival at Queen's University is going into its 22nd unbroken year.

Claiming it to be the second largest arts festival in Britain after Edinburgh, the festival director for 13 years, Michael Barnes, tells me there should be 80,000 bottoms on seats this year, a gratifying increase over last year.

This should ensure that the £275,000 budget is not too much in deficit. The festival is financed 55 per cent through the box office, 35 per cent through the Northern Ireland Arts Council and Queen's University and 15 per cent through private sponsors, largely Guinness.

This is small beer compared to Edinburgh where the budget runs to well over £1m. But as Barnes points out, "We can put on performances that in Edinburgh would only appear in the fringe and be ignored."

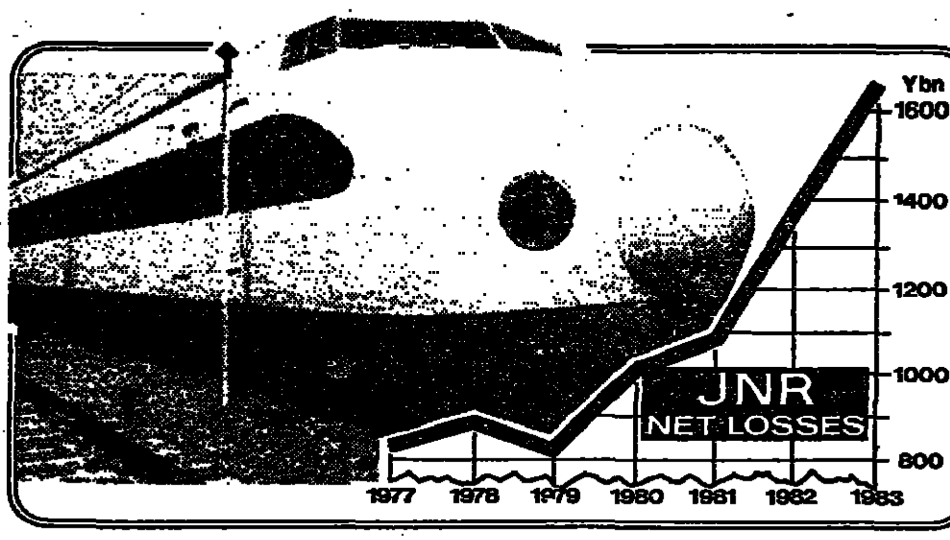
Chin up

From the Home Page in a Sussex parish magazine: "Another good anti-wrinkle tip is to remember to hold your chin well up when reading or sewing, and indeed at all times."

"Next month: How to get soup stains out of an evening dress."

Observer

JAPAN'S NATIONAL RAILWAY



Martyn Barnes

A track record for losing money

By Robert Cottrell in Tokyo

IF YOU wanted to buy a railway coach for conversion into, say, a restaurant or a cottage, then Japanese National Railways (JNR) would be happy to sell you one for about Y3m (£95,000) — less a discount of Y500,000 if you did not want it freshly painted.

And, if you wanted somewhere to put it, JNR is also trying to sell some of its 672m sq m real estate portfolio, which includes choice city centre sites.

The state-owned railway corporation is desperate for money. Last week, it announced a record loss of Y1.66 trillion for its 1983-84 fiscal year, and the outlook for its services remains bleak. The corporation's long-term debt is, at more than Y20 trillion, now roughly equivalent to the external debt of Mexico.

JNR's auditors last week put forward a ten-point proposal for improving the financial position, including streamlining, concentrating on profitable business, axing of little-used lines, reducing employees, and *restraining capital investment.*

The recommendations are similar in spirit to those of a five-year rehabilitation programme drawn up by JNR management in 1980. That also looked to a reduced labour force — at present 25,000 workers are without fixed jobs—and the closure of some loss-making lines. However, the continued decline of passenger and freight revenues has meant that, even with belt-tightening, JNR's losses have not achieved the modest reduction sought in the five-year plan, but have continued to grow.

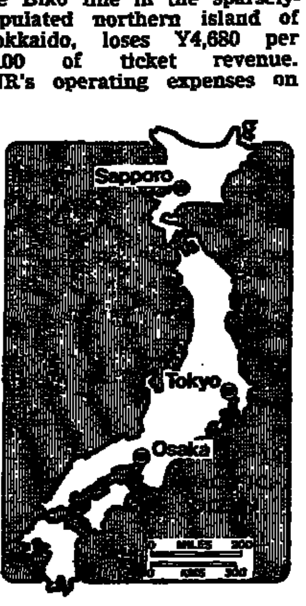
JNR's problems are of a kind familiar to most state-owned railways. It makes money on inter-city passenger trunk routes, but loses much more on rural branch lines. Freight business has largely been lost over the last 30 years to road haulage. The corporation has reported a loss for each year since 1964.

In 1960, JNR handled 39 per cent of Japan's freight traffic; in 1982, 7 per cent. Over the same period, road hauliers expanded their share from 15 per cent to 45 per cent. A similar erosion has taken place in passenger traffic, where JNR's share fell from 51 per cent in 1960 to 24 per cent in 1982, while the share attributable to cars rose from 8 per cent to 43 per cent. (Japan also has several private railway operators, which accounted for 16 per cent of passenger traffic, and a small amount of freight, in 1982. The private railways typically outshine JNR in performance because they concentrate on the main commuter and leisure routes, and because the operators have more freedom in wage negotiations).

JNR's most profitable line, the "Yamanote" loop around central Tokyo, yields a profit of Y66 for each Y100 of ticket revenue. The least profitable, the Biko line in the sparsely-populated northern island of Hokkaido, loses Y4,680 per Y100 of ticket revenue. JNR's operating expenses on its freight services total four times the related revenues.

Japan is a transport economist's nightmare. Some 90 per cent of the population lives in 30 per cent of the land area. Virtually all the country's major industry and commerce is concentrated in a 400-mile belt of unrelieved urbanism between Tokyo and Osaka on the southern coast of Honshu island. Most of the remainder of Japan comprises forests, hills, and outlying islands, punctuated by small far-flung towns and villages.

Local lines account for almost half JNR's operating network, but carry just 5 per cent of its traffic. JNR has cut some local lines, and wants to cut more. But while it might be tempting to axe many branch lines, sweeping reductions would be politically difficult in a country in which most MPs are chiefly concerned with the defence of special constituency interests.



An efficient railway system could be an important component in decentralising the country away from the Tokyo-Osaka 'corridor,' the congestion of which is cited as a constraint on living standards

While JNR has an uphill struggle to break even simply on its day-to-day operations, it has no prospect of trading its way out from under the balance sheet strains imposed by its accumulated debt, and by pension-fund obligations to a large and elderly workforce.

JNR's personnel problems date from the immediate post-war years, according to analysts. That was when it absorbed returning railwaymen from the colonial territories formerly held by Japan in Taiwan and mainland China. From a manpower peak of 600,000 soon after the war, JNR is moving towards a 320,000-strong workforce in 1985.

To achieve the cuts, it has offered inducements including early retirement, temporary lay-offs, transfer of surplus workers to new jobs, and outplacement of workers to affiliated companies.

The cuts have been opposed by the national railway workers' union (Kokuro), which claims that JNR's management is not adequately protecting the interests of the workforce, and may be planning further jobs cuts.

Job trimming cannot, however, reduce the drain on JNR's funds of its accumulated pension liability. The "bulge" of workers recruited in the post-war years, and now at or past retirement age, points to a ratio in 1985 of perhaps 116 JNR pensioners for every 100 active workers contributing to the fund. For the current financial year, JNR is budgeting some Y810bn in "special personnel costs" to fund early retirement benefits and excessive pension outgoings.

Officials and private-sector economists argue about whether or when JNR should be "privatised," and perhaps split into smaller units on a geographical or functional basis. Any reorganisation would have as a condition at the outset a formal writing-off of most if not all of the corporation's debt.

But the long-term future of Japan's railway network presents Government planners with a dilemma. JNR can be attacked as little better than a mechanism for providing vast subsidies to rural travellers and freight shippers. Yet in the longer term, an efficient railway system could be an important component in decentralising Japan away from the Tokyo-Osaka urban "corridor," the congestion of which is frequently cited as a big constraint on living standards and industrial and commercial growth.

The French Banks

When state ownership gets in the way

By David Marsh in Paris

"FOR a Socialist, the power of monetary creation can only belong to the nation. Deprived of this power, public authority is paralysed, subject to dominant forces and incapable of fulfilling its role of steering the economy and growth.

"As the dominant phenomenon of capitalist concentration, the bank enters everywhere, grabs hold of everything, and devours those which it is supposed to assist . . . Since it is the bank which governs, which reasonable Frenchman, in his own and his country's interest, will not prefer to see the nation govern the bank?"

The vocabulary might seem to be a little out of date. It is M Francois Mitterrand's recipe of banking nationalisation, outlined in his book (published in 1973) La Rose au Poing, has indeed been put into effect following the Left victory in 1981.

Although breaking the monopoly power of some of France's formerly privately-owned financial and industrial conglomerates might arguably have been necessary, the 1982 extensions of public ownership have simply brought in a bigger monopoly—that of the state.

Enunciating with far more stress a theme which he developed during his Opposition years, M Mitterrand now talks of a "mixed economy society" based on "cohabitation of two powerful sectors (public and private) independent of one another and complementary."

But the concept of a genuine interplay between the two sectors continues to ring hollow while the state—whatever its good intentions about lowering intervention—keeps ownership of all the country's most important commercial banks.

The shrill campaign by the neo-Gaullists for instant denationalisation when, and if, the Right recaptures power seems unlikely to generate much popular support.

Yet provided France sticks to its political tack of returning to the middle ground, a gradual re-introduction of private capital into the banks (the Big Three taken over in 1945, as well as the smaller ones nationalised 2½ years ago) would seem likely over the next *few years, irrespective of which* party is in power.

Even though the Government is trying to withdraw from over-regulation and interference in banks' operations, bankers themselves (not all of them ill-disposed towards the Left) say the mere fact of state ownership tends to stifle initiative and hold up decision-making.

In the tortuous saga over the future of bankrupt Creusot-Loire, for instance, the Government protests, probably sincerely, that it has never been plotting "backdoor nationalisation." But the salvage attempt is made still more complicated by the inevitability that all the financial backers negotiating any rescue bid are state-owned.

Any idea of a "market-oriented" solution is made much more difficult as long as the hand of the Government, rightly or wrongly, is seen behind every move.

Of course, in other countries too, where the banks are all privately owned, the state exerts considerable influence over the banking sector. The behind-the-scenes role of the Bank of England in steering the clearing banks shows that governments do not have to own banks in order to exert monetary control.

A gradual return of private capital would be welcome . . . but there is a stumbling block

Full state ownership, according to bankers themselves, tends to prolong the "administrative" mentality of French management. It can push banking executives into carrying out decisions either because they think these are expected by the Government (although they may not be) or, more complicatedly, precisely because the managers believe the moves will not be approved by the state, in which case the bankers will be over-ruled later and not carry any responsibility.

There are also pressing financial reasons for reintroducing private capital into the banks. They are still sadly undercapitalised, in spite of slightly greater use of retained earnings, higher provisions and the additional expedient of making (expensive) non-voting loan stock issues on the domestic market to serve as a form of permanent capital.

The Government should welcome asset sales to offset budgetary pressures and lower the burden of the often over-generous compensation payments adopted for former shareholders in 1982.

And the Bourse itself (thanks partly to measures brought in under the Socialists) is now in a more promising state to cope with gradual reprivatisation.

There is, however, one key stumbling block which has received little attention in France so far.

Since the Socialists came to power, the banks have greatly increased their borrowing on the international capital markets. This has continued over the last year in spite of the improvement in France's current account. It has been the counterpart to the sharp improvement in the Government's foreign exchange reserves: since the beginning of 1981, the short-term borrowing position of the banks has deteriorated by FFr 123bn.

Much of this borrowing is guaranteed by the state. An end to public ownership, leaving banks exposed with inadequate capital ratios and low profitability, would make some foreign lenders very queasy indeed.

M Jean Dromer, head of the French Banks Association, although no great friend of the Socialists (he was formerly an adviser to President de Gaulle), said this week that he believed the banks' own balance sheets, rather than the state backing, represented the principal guarantee for their borrowing abroad.

Others may not be so confident.

One top official at a French bank nationalised in 1982, which is itching to be allowed back into the private sector, reflects a little sadly: "I wonder if my bank could borrow so much abroad if we were not state-owned." His advice to would-be denationalisers is first to check the move carefully with Standard and Poors.

Letters to the Editor

Autonomy for the miners

From Mr R. B. Carnaghan.

Sir,—The ideas considered by Samuel Brittan (September 17) for the decentralisation of coal mining are interestingly similar to the proposal made by the economist Colin Clark (Welfare and Taxation, 1954).

Clark wrote: "Whatever may be the case in other industries, coal-mining is an industry entirely suitable to be run by workers' control. The miners know a good deal about what they are doing: they should have no difficulty in hiring managers and technicians and borrowing any capital they might require . . . .

"We suggest, therefore, that the mines should remain the property of the State, but that each pit (or group of pits worked as a unit) should be leased to the miners who work it."

I once had the opportunity of asking Fritz Schumacher about his views of Clark's proposal, of which he was unaware. Given his proclaimed belief that "small is beautiful," it was disappointing that he rejected any thought of "splitting up" the coal industry.

Why not experiment by decentralising coal mining, schools and other unnecessarily centralised activities, in a variety of ways? Diversity can be beautiful too.

R. B. Carnaghan.
22 Wentworth Close,
Watford, Herts.

NUM control over hardship funds

From Mr L. van den Muyzenberg

Sir,—Referring to the summary of the miners' strike (The stakes are higher now, September 18), I would like to suggest a compromise along the following lines:

In every industry some product lines are more profitable than others. It is always necessary to determine the cut-off point. If raising the cut-off point leads to considerable redundancies, a solution that has been applied successfully is for the company to make a fund available to the union that it can spend at its discretion, either on helping out in hardship cases or to delay closure of a unit, or a combination of both.

The negotiation is about the size of the fund. Experience has shown that the unions allocate the money in a very responsible manner.

The advantage for the NCB would be that there is a limit to the amount to be spent on uneconomic pits.

The advantage for the NUM is that it can protect jobs of a certain number of people working in uneconomic pits and/or to assist individuals or communities in hardship situations.

L. van den Muyzenberg,
H. B. Maynard and Co,
22 Conduit Street, W1.

Alternative dispute resolution

From Mr John Parris

Sir,—It is to be hoped that British companies do not fall for the so-called "Alternative Dispute Resolution" described by Dr Harmann in his two recent articles in your columns, because it is nothing but a slick and ineffective salesman's solution to a real problem.

Admittedly, civil litigation in the UK is expensive and dilatory, profiting nobody but the lawyers and with uncertain verdicts rendered by judges who are neither independent nor competent.

One example is the law regarding retention of title clauses on the sale of goods, which Mr Justice Staughton recently described as "a maze, if not a minefield." It is so because some Chancery Judges have deliberately set out, for their own purposes, to evade the decision of the Court of Appeal in the Romalpa case.

Another is the limitation period regarding defective buildings laid down by the House of Lords in Pirelli v Oscar Faber, which their lordships themselves admitted was illogical and unjust. I was happy to see that Miss Justice Carroll in the Irish High Court refused to follow it, on the grounds that any judge-made law which is admittedly harsh, unjust and illogical, must be a violation of the constitution.

Litigation should therefore be avoided at all costs. But English arbitration procedure can provide a speedy, cheap and effective resolution of all business disputes, provided that the agreed arbitrator is authorised to act also as a mediator, an amiable compositeur, and that the arbitrator is directed to use an inquisitorial and not an adversarial procedure.

Both the 1889 and the 1950 Acts clearly indicate that this was the intention of Parliament, by providing that the parties shall submit to be examined by the arbitrator (see section 12(1) of the Arbitration Act, 1950, currently in force). By, not before.

In defiance of this statutory provision, the judges have decreed that the adversarial system of the courts must be used in arbitrations and the present Master of the Rolls has even said that if a full hearing is intended, the rigmarole of the High Court must be followed. This is not merely not a provision of the Arbitration Act 1950 but a blatant defiance of its express provisions and one designed solely to provide work for the Bar.

Britain does not need a U.S.-style alternative disputes resolution. What business desperately needs is a more efficient use of the English arbitration system and a determination to release it from the restraints improperly imposed on it by the judiciary.

John Parris.
PO Box 28, WC1R 4AG.

From Mr R. S. Waldron

Sir,—Men and Matters (August 9) and Dr Hermann (August 23 and 30) should not *go so far as to presume that* Britain has neither the need for nor the supply of alternative dispute resolution procedures. In the year this company has been operating we have already made a contribution in the UK in similar and comparable ways.

Certainly the combination of the lack of a right to costs, lawyers working on a contingency fee basis and the possibility of treble damages make litigation in the U.S. even more of a gamble than it is in Britain, but that does not mean that UK managements are any less concerned to avoid the costs of a full and expensive trial.

However, the real damage of litigation is the loss of management time and effort. The opportunity cost of spending weeks with lawyers, or even just negotiating with your opponent, is not recoverable under any system of law. It can also have a demoralising effect on those engaged in this non-productive activity.

In essence, dispute resolution is no more than the continuation of a business relationship that starts when the deal is set up. Throughout the active phase there will always be problems to resolve through co-operation. If attitudes harden that does not mean that *all is lost but* merely that a new opportunity has arisen. Good management is the preventive medicine of dispute.

Britain has long led the world in applying high technical expertise and a modicum of judicial capacity to the resolution of disputes by the arbitral process. "Arbitration in London" is almost the norm in the shipping world *because of the* practical knowledge and experience of our shipping arbitrators.

We resist lawyers' strong inclinations ot treat arbitrators as high court judges, which they are not, and seek the just resolution of disputes as one businessman helping another.

R. S. Waldron,
Polycon Endispute Management Services,
70, Greenwich High Road, SE10.

Statistics and Terminal Five

From Mr Antony Fathers

Sir,—During the inquiry into a fifth terminal at Heathrow, British Airways attempted to make out a case that, with the increasing introduction of larger aircraft, average passengers per plane would increase to 193 by the late 1990s.

Given the Government limit of 275,000 movements, and the fact that a fifth terminal would permit 53m passengers, those of a mathematical and/or cynical cast of mind will perhaps not be too surprised at the resultant BA forecast figure of 193 passengers per aircraft.

It was always a daft statistic *even at the time of the inquiry.* With every succeeding day it has become sillier. Over the past 12 months, average passengers per plane have increased from 103 to 103.5, from a base of 100 in 1979.

On this trend the average will grow to 115 by the year 2000 implying — if 53m passengers are to be accommodated in Heathrow's five terminals — no fewer than *461,000 air transport* movements. Even with the abolition of all environmental constraints this is around 50 per cent more movements than can be operationally accommodated with safety.

On these figures, it will be the turn of the century before terminal *four* is fully utilised. Since extra passenger capacity in the south east will be needed before then and Heathrow *clearly cannot supply it,* an investment in a fifth terminal would be a total nonsense. By comparison, the Humber Bridge would be seen as the very model of prescient planning. Will terminal five, at a cost of 800m prove yet another banana skin for the government?

Antony Fathers.
613, Upper Richmond Road West, Richmond, Surrey.

Towards £1,000 a week

From Mr R. D. Ward

Sir,—Now that sterling seems to be moving towards parity with the U.S. dollar, is it too much to hope that UK salaries will move likewise?

I am told that $1,000 a week is not an uncommon income for managers and executives in the U.S.

R. D. Ward.
209 Marshalswick Lane,
St Albans, Herts.

FINANCIAL TIMES

Friday September 21 1984

Moscow set to allow N-plant inspection

By David Fishlock, Science Editor, in London

THE SOVIET UNION is ready to accept international inspection of some of its nuclear electricity plants for the first time.

Its decision comes ahead of the general conference of the International Atomic Energy Agency (IAEA), which opens in Vienna on Monday.

The agency said yesterday that it expected Moscow to admit its nuclear safeguards inspectors for the first time before the review conference of the Nuclear Non-Proliferation Treaty next August.

IAEA safeguards inspectors verify that civil nuclear facilities of nations party to the treaty are not being used for military purposes.

The Soviet Union is not expected to ratify its agreement to accept inspection before the February 1985 board meeting of the IAEA. Even then, it is likely to volunteer only its older power reactors and research facilities for inspection, at least initially.

It is also expected to stipulate which nationalities of safeguards inspector it will admit. It is unlikely to extend such a courtesy to a U.S. inspector, for example.

Facilities unlikely to be opened to inspection include the uranium enrichment operation – the original destination of the cargo of the French freighter Mont Louis, which sank in the Channel earlier this month.

Nor is it expected that the country will admit inspectors to its reprocessing operations for spent nuclear fuel, where plutonium is separated.

In both cases the Soviet Union is understood to run dual-purpose civil and military nuclear operations.

Britain, for example, also runs dual-purpose civil and military operations at two factories of British Nuclear Fuels, but has an agreement with the IAEA admitting inspection of the civil parts of both factories.

It is expected that the agreement between France – not a signatory of the treaty, but a nuclear weapon state – and the IAEA may serve as the model for a Soviet agreement with the agency on inspection.

UK Cabinet clears way to sign Hong Kong pact

BY JOHN HUNT IN LONDON

THE BRITISH Cabinet yesterday approved the terms of a draft treaty under which China will rule Hong Kong after 1997 when sovereignty of the territory is handed over.

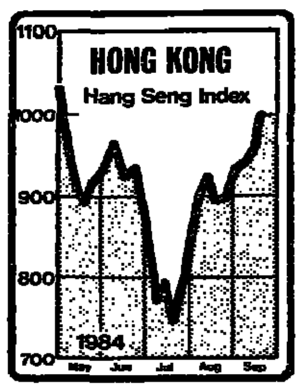
It will be initialled in Peking next week, probably on Tuesday, by Sir Richard Evans, the British ambassador, and Zhou Nan, the chief Chinese negotiator.

Simultaneously, a UK Government discussion document, or "white paper", will be published in London and Hong Kong setting out the terms of the treaty which contain guarantees from China about the way the territory will be administered.

This brings to an end the first phase of a long and uncertain period of negotiation between London and Peking in which strong fears were expressed by the people of Hong Kong about their future under mainland rule. But much debate has yet to take place before a final treaty is approved.

The colony will have an elaborate consultation period over the terms of the treaty – a process known as the "test of acceptability." An assessment office will be established to test public opinion in Hong Kong and this will be overseen by a watchdog body known as the monitoring group.

Each of these will produce a report and, together with the white paper, they will be debated by the



UK parliament before a final treaty is approved.

In the past, British MPs have echoed worries felt in Hong Kong about prospects for human rights, religious views, the right of travel and property tenure under Communist rule. But the British Government believes that satisfactory guarantees have now been given on these points.

It is believed that commitments have also been given by Britain and China about stabilising the Hong Kong dollar in the transitional period. Undertakings have been given that the territory will be able to maintain its capitalist system and manage its own affairs for 50 years as a special administrative region of China.

The British Government is not expected to have serious difficulty getting the terms of the treaty accepted by parliament.

Sir Edward Youde, Hong Kong's governor, met Mrs Margaret Thatcher, the British Prime Minister, to discuss the final draft on Wednesday night. Last night he and his delegation returned to the colony.

A spokesman for the delegation took a cautious line. He said that Sir Edward and his colleagues had been satisfied with the way things had gone so far. But, he added, it was too early to say what the reaction of the people in Hong Kong would be.

David Dodwell adds from Hong Kong: Share values in the colony advanced for the fifth consecutive day yesterday, taking the Hang Seng index above the 1,000 Mark for the first time since May 4. The improvement comes on the back of local rather than foreign buying.

Operators said many local investors thought there would be a positive initial response to the Sino-British joint declaration.

The index ended the day 18.34 points better at 1,002.13 for an almost 10 per cent improvement since last Thursday's closing level of 911.78. Turnover on the territory's four stock markets amounted to HK$351m, the best day's business since August 2.

Market report, Page 33;

UK Liberal leader rebuffed by party over missiles

By Peter Riddell, Political Editor, in Bournemouth

A SHARP division on defence policy was opened yesterday between the British Liberal Party and the Social Democratic Party (SDP), with which it is in alliance.

The Liberal assembly in Bournemouth directly rebuffed Mr David Steel, the party leader, by voting 611 to 556 for the removal of U.S. cruise missiles from the UK. Mr Steel agrees with the SDP policy to retain the cruise missiles so far deployed, pending their removal through negotiation.

Paradoxically, the assembly also voted by 643 votes to 535 to reverse its previous policy of scrapping Britain's Polaris missiles. Instead it supported the inclusion of Polaris in arms control negotiations which agrees with SDP policy.

Mr Steel highlighted this contradiction in his subsequent comments and pointed to the assembly's overwhelming support for continued British membership of Nato. He said the Liberal Party remained divided on cruise, but that it would "not be going into the general election on this policy. "Anyway, over the next three years a lot may change in the disarmament field," he said.

The SDP leadership last night was being reticent about the vote publicly, but privately leading Social Democrats were angry about the decision which highlights division in the Alliance and will reinforce distrust of Liberal activists.

Mr Steel last night sought to turn attention to the preparation of a joint Alliance defence policy for the next general election through the work of a commission of experts on the subject which is just beginning.

Yesterday's vote is undoubtedly a setback for Mr Steel, especially after criticisms at the assembly of his recent performance. Consequently he will seek to reassert his leadership during his major address to the assembly this afternoon.

Mr Steel will stress the political opportunity now open to the Alliance and will launch a three-year campaign up to the next general election.

Politics Today, Page 14

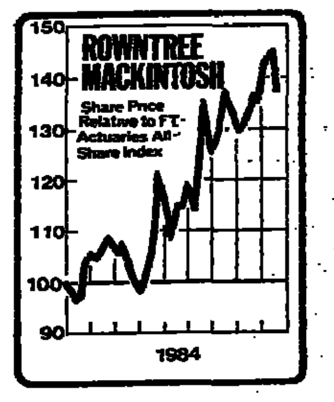
THE LEX COLUMN

Rallentando Americano

By the perverse logic of current financial markets, yesterday was rather a good day. The U.S. statistical agencies shunted out a whole train of figures which seemed to confirm that the real economy was slowing down, news that came spiced with an estimated fall in second-quarter profits – not the kind of thing, at any rate, that ought to encourage Wall Street equity traders.

However, a decelerating U.S. economy is exactly what the bond market has been looking for, and an indication that the inflation rate has been slackening should be grist to the bond market's mill. Indeed, the only real hurdle for the bond market yesterday was a preliminary shock of disappointment that the flash GNP forecast of 3.6 per cent had not come out lower still.

The response of the dollar was surprising only by normal standards, which would suggest that a weakening of U.S. interest rates might start to choke off some of the speculative demand. At an exchange rate of DM 3.13 the likely gains on U.S. Treasuries could scarcely be expected to outweigh the risk of a currency reversal. Yet in the light of the last week's vertical ascent, it was probably as rational as anything to expect that the dollar would rise again – on the principle that what goes up can be chased still further. For a time.



Rowntree Mackintosh

Takeover speculation has switched Rowntree Mackintosh's share price onto autopilot for much of this year, leaving management poised uncomfortably in the cockpit to resume control as and when the shares level off. This could well happen soon, so yesterday's interim results for the six months to June carry a timely message. Pre-tax profits up from £16.1m to £22.6m have picked up about £4½m, net of financing costs, from last year's two U.S. acquisitions. The group's geographical diversification has succeeded beyond most expectations, in fact – neatly consolidating a four-year turnaround for Rowntree which might be expected to keep the shares flying at or close to their present altitude.

The group's UK and European markets remain as competitive as ever. At home, the price reductions prompted by Cadbury's moves early in 1983 have eaten into confectionery margins without doing too much as yet for volume on many lines. Big volume gains by Kit Kat, though, have helped reduce Rowntree's loss of market share to perhaps half a percentage point. Useful profit increases on groceries and snacks have also offset part of the downturn on confectionery profits to leave a net shortfall on all UK operations of just £1.3m. Margin improvements since June already point to higher profits for the current year as a whole, with every prospect too of another modest advance in the heavily seasonal European businesses.

Total pre-tax profits could still be headed for as much as £75m, setting the shares on a multiple just over 9 times at last night's 332p, down 2p. Further growth at this sort of pace will be hard to achieve; but at least Rowntree has made an inspired start in the acquisitions game – and perhaps, even if unwittingly, in the defensive one as well.

BPCC

Mr Robert Maxwell was understandably keen in yesterday's interim statement to BPCC shareholders to assure them of his undiminished energies, notwithstanding his new responsibilities in Holborn. This should be welcome news, with the group still facing a daunting task to recapture business from overseas, although hints of co-operation between BPCC and the chairman's newspaper interests remain teasingly cryptic.

The results for the six months to June appear more straightforward than any other reported since Mr Maxwell rescued the group three years ago. The elimination of losses at Park Royal and Odhams (Watford) has produced the expected second round of rationalisation benefits, lifting the operating margin from 10½ to 15 per cent. With none of the interest cost savings which can be anticipated for the second half, BPCC has taken pre-tax profits from £7.8m ($9.3m) to £12.4m and a full-year figure around £40 must be on the cards.

Another confirmation of the standing dividend forecast offers shareholders a yield just over 7 per cent with the shares up 1p at 185p. The p/e multiple at this level is less clear: substantial tax relief from the Pergamon parent could boost earnings enough to push the prospective p/e well below six times. But with Pergamon's stake now under 75 per cent, the consequent lack of group relief may involve a steady rise in BPCC's effective tax rate after 1984.

Sinclair Research

Sinclair's 'standstill' in pre-tax profits, at just over £14m, does not seem the ideal prelude to flotation. Admittedly, the year to March had to bear the costs of two important product launches – the QL computer and the flat screen television – but launching costs are so integral a part of the Sinclair operation that it might be wisest for prospective investors to regard them as a special kind of overhead. They might wonder, as well, whether the sudden amputation of £9m of U.S. turnover, after U.S. home computer prices nosedived, is going to prove an isolated incident in the growth of this volatile international market.

Looking on the bright side, output of the QL has apparently reached several thousand units per week – so that deliveries have now wiped out the £2m of "stakeholders' cash" (payments for mail order goods not yet delivered) which Sinclair enjoyed in its March balance sheet. Production of the miniature TV is meanwhile approaching the point where it will soon be visible in shops with the naked eye.

It is also encouraging that Sinclair's operating margins seem to be standing up to competitive pressure better than many in the industry. But Sir Clive's financial advisers will doubtless be looking very carefully to see how the UK home computer market weathers Christmas.

Marathon awards £230m rig contracts to six British yards

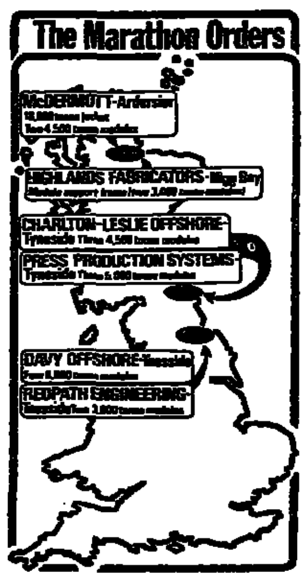
BY DOMINIC LAWSON IN LONDON

MARATHON, the oil production company owned by U.S. Steel, has awarded £230m ($283m) worth of fabrication work to six British yards for its development of the North Brae oilfield in the North Sea.

Mr Corky Frank, the president of Marathon Oil UK, said yesterday that "British industry has won all of the major contracts for fabrication of the Brae platform in keen competition with many international bidders." On each contract, Marathon had permitted two non-UK companies to compete.

Marathon said yesterday that it estimated that 4,000 jobs would be involved in the peak period of construction. The company added that there were some smaller fabrication orders to be awarded soon, and that UK companies were "very well placed" to get those orders.

The North Brae field, 155 miles north east of Aberdeen, is due to begin production in 1988. It is the first gas condensate field to be developed in the UK sector of the North Sea, and consists of 200m barrels of hydrocarbon liquids, a very light oil, and 800bn cubic feet of dry gas. Marathon will use the dry gas to maintain pressure, forcing the liquid hydrocarbons to the surface. When all the liquids have been recovered, Marathon will either sell the dry gas, or use it to help extract



other hydrocarbon accumulations in the area.

The contracts announced yesterday are for:

● An 18,000-tonne jacket and two modules totalling 4,500 tonnes. The combined contract is worth £75m, and has been awarded to the McDermott yard at Ardersier, Scotland.

● A support frame weighing 6,000 tonnes to be built by Highland Fabricators at Nigg. The contract is worth £35m, and will create about 750 jobs. Highland Fabricators' workforce of 2,500 had been cut back to 150.

● A £24m order to build three modules weighing about 4,500 tonnes for Charlton Leslie Offshore, a subsidiary of BTR.

● Accommodation modules weighing a total of 3,600 tonnes. The order is worth £24m and will maintain the jobs of 500 men at Redpath Offshore, a Trafalgar House company.

● A further three modules weighing 5,800 tonnes. This will be the first contract for Press Production Systems' new Hadrian yard at Tyneside, and will mean the creation of 600 new jobs.

● Four modules for the drilling rigs from Davy Offshore Modules, creating another 600 new jobs.

Marathon has 38 per cent of the North Brae field. Britoil has a further 20 per cent. Other members of the North Brae consortium are Bow Valley Exploration, Kerr-McGee Oil, Westar Exploration, Westar Oil, Louisiana Land and Exploration, Sovereign Oil and Gas, and Norsk Hydro Petroleum.

Mr Alick Buchanan-Smith, UK Energy Minister, said this was "the first major North Sea oil development in which all the fabrication work has been done by UK yards."

Reagan firm after Beirut embassy blast

Continued from Page 1

vehicle as it accelerated towards the building but failed to stop it.

The State Department would say nothing about possible U.S. retaliation, but it was recalled in Washington that Mr Reagan had promised retribution, if the perpetrators could be identified, after last October's slaughter of U.S. marines.

Mr Walter Mondale, the Democratic presidential challenger, said that if those behind yesterday's attack could be identified, "I want President Reagan to know that he has my full support for appropriate counter-measures."

The State Department said that about 35 of the 100 or more Americans attached to the embassy had been in the annexe at the time of the attack.

The Ambassador, although in hospital with slight injuries, was still in charge. "We have got a job to do here and this will not deter us," Mr Bartholomew was quoted as saying in a telephone call to Mr Reagan.

Mr David Miers, the British ambassador to Lebanon, was also reported to be recovering

Hopes of peace in Lebanon were further rocked yesterday when members of the Israel-backed militia in the south massacred 13 villagers and wounded 22 in Sohmor.

An Israeli military spokesman in Tel Aviv said soldiers of the South Lebanon Army (SLA) went on the rampage in the small village despite the presence of Israeli officers.

Hawke denies criminal links

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, Australia's Prime Minister, broke down and wept yesterday when questioned about opposition claims that his Labor Party Government is "soft" on organised crime.

With tears streaming down his face, Mr Hawke told a press conference in Canberra that he was deeply upset by insinuations that he had intervened in a drugs case against his daughter, Susan, who in 1982 won an appeal against two marijuana convictions.

Last week, Mr Andrew Peacock, Australian Liberal Party leader, stunned the country by claiming, in Parliament, that Mr Hawke was "a little crook," a "perverter of the law," and "one who associates with criminals and takes his orders from those who direct those criminals."

Mr Hawke has totally rejected the charges, which are completely unsubstantiated.

Mr Peacock's attack signalled the unofficial start of a general election campaign which, for crudity, may know no bounds.

An unrepentant Mr Peacock claims that the Hawke Government has stifled attempts by a Royal Commission to identify leaders of organised crime, particularly in New South Wales, Mr Hawke's political power base.

Mr Hawke yesterday expressed revulsion at suggestions that he had protected those involved in drug trafficking and said that Mr Peacock had completely failed to substantiate "grave personal allegations."

"I find it difficult to express my revulsion about an allegation that suggests that I would, in any way, do anything to cover up or prevent the investigation of anyone, whatever their station in life, who may be involved in this insidious and abominable traffic," Mr Hawke said.

"...I have proceeded in the hope that Mr Peacock will recognise the enormity of the allegation that he has made against me – that I am a crook, that I associate with criminals, and I am directed by them."

Mr Hawke's emotionalism has attracted comment in the past. However, his 18 months as Prime Minister has been marked by sobriety, statesmanship and almost unprecedented popularity for an Australian political leader.

Mr Peacock is now under immense pressure to justify his allegations, or face possible political ruin.

$ up sharply after growth estimate

Continued from Page 1

the medium-term implications of the slower growth.

Mr William Griggs of economic consultants Griggs and Santow in New York said yesterday: "We are in the process of moving to a slower rate of growth that may be sustained for a year." Mr John Paulus, chief economist at Morgan Stanley, who has been predicting a quite sharp slowdown in 1985 because of moves on the Federal Reserve to tighten monetary policy, said he now expected growth to be stronger than that next year and Fed action to curb the expansion to be delayed.

The Commerce Department estimate, a forecast based on data covering at most two months of the quarter, points to a sharp slowing in personal consumption as a prime factor behind the lower rate of growth. A weak foreign trade sector has again tended to depress the GNP figures, which therefore slightly understate the underlying momentum of domestic demand.

Foreign exchange dealers said yesterday that the slowdown in the U.S. economy was insufficient to halt the rush of funds into dollars that started earlier this week.

Expectations that growth might have turned out even lower may have encouraged some banks to sell dollars ahead of the GNP announcement, which then triggered a wave of short-covering, the dealers said.

The dollar is being underpinned by confidence in the U.S. economy.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	-	-	Dubrovnik	F	24	75	Malaga	S	27	81	Salzburg	-	-	-
Akrotiri	-	-	-	Faro	-	-	-	Malta	F	24	75	Seoul	C	24	75
Algiers	-	-	-	Florence	C	28	82	Manila	C	31	88	Singapore	R	30	86
Amsterdam	R	13	55	Frankfurt	C	18	64	Miami	R	24	75	Stockholm	C	12	54
Athens	S	27	81	Funchal	F	23	73	Milan	F	18	64	Strasbourg	C	16	61
Bahrain	C	36	97	Geneva	F	18	64	Moscow	C	14	57	Sydney	R	20	68
Bangkok	C	34	93	Gibraltar	S	24	75	Munich	C	16	61	Taipei	C	31	88
Barcelona	S	23	73	Guernsey	C	14	57	Nairobi	F	25	77	Tangier	-	-	-
Beirut	C	29	84	Helsinki	R	11	52	Naples	R	15	59	Tehran	-	-	-
Belgrade	F	28	82	H Kong	C	27	81	New Delhi	C	31	88	Tel Aviv	C	29	84
Berlin	F	17	63	Innsbruck	S	20	68	New York	S	24	75	Tenerife	-	-	-
Biarritz	C	19	66	Inverness	F	13	55	Nice	S	23	73	Tokyo	C	25	77
Blackpool	C	13	55	Istanbul	S	27	81	Oporto	-	-	-	Toronto	F	23	73
Bordeaux	C	19	66	Jersey	C	15	59	Oslo	F	12	54	Tunis	-	-	-
Brussels	C	15	59	Jo'burg	C	24	75	Paris	C	15	59	Valencia	S	28	82
Budapest	F	23	73	Las Palmas	R	19	66	Prague	-	-	-	Venice	C	19	66
B Aires	R	14	57	Lima	C	20	68	Reykjavik	C	5	41	Vienna	S	21	70
Cairo	S	37	99	Lisbon	S	24	75	Rio de J'o	S	29	84	Warsaw	C	15	59
Cape Town	S	18	64	Locarno	S	13	55	Rome	C	20	68	Zurich	C	17	63
Caracas	R	27	81	London	R	14	57								
Casablanca	-	-	-	Los Angeles	S	29	84								
Copenhagen	F	16	61	Luxembourg	C	14	57								
Corfu	S	26	79	Madrid	S	23	73								
Dublin	F	13	55	Majorca	F	25	77								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Justice is put on show in China

Continued from Page 1

me an elderly woman sat on a small stool brought for the occasion, knitting serenely. Beside her a smiling father held his daughter up so she could see better.

A woman teacher who had brought her class of schoolchildren said a similar spectacle was held in the town at the end of last year.

"They sentenced two men to death then for murder," she said in broken English. "They were taken to a suburb of the town and shot. Anyone who wanted could go and see, even the children. I did not go," she added, "I did not have the time."

At scenes like this throughout China since the start of the anti-crime campaign in August 1983, hundreds have been sentenced to death and shot in public. Last week in Kunming, provincial capital of Yunnan, two murderers were sentenced to be shot. During the past month, fresh posters with a red pick – the sign of a death sentence – appeared in Peking. Six men were recently executed in Guangdong province, which borders Hong Kong.

The economically liberal regime of China's ageing leader Deng Xiaoping has been ruthless in stamping out crime. After yesterday's sentencing the convicted were loaded on to green army trucks with slogans on the side and paraded slowly through the streets of the town, preceded by senior public security officers in freshly pressed white uniforms. The crowd followed in its thousands.

They were mostly silent, stopping only to peer closely at the convicts. Only one dared to stare back – a middle-aged man, his eyes flashing contempt.

One of the Chinese officials watching the scene commented: "I think public justice is a good thing. It will stop people committing crimes." That remains to be seen.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday September 21 1984

Hong Kong railway warns on repayment

By David Dodwell in Hong Kong

HONG KONG'S Mass Transit Railway Corporation, the territory's largest public corporation and its heaviest borrower, may be unable to pay off its debts by the target date of 1996 unless the volume of passenger traffic improves, Mr Wilfrid Newton, the corporation's chairman, said yesterday.

The Mass Transit Railway Corporation (MTRC) is currently carrying 1.2m passengers a day, Mr Newton revealed – 100,000 fewer than forecast. On an annualised basis, this would cut earnings by HK$100m (U.S.$12.7m), and put back the date by which the corporation could repay its debts, he said.

The nine-year-old MTRC currently has debts amounting to HK$15.5bn. A borrowing programme over the past year alone has garnered commitments of about HK$5bn. Debts are expected to peak in 1986 at about HK$22bn.

Mr Newton insisted that the shortfall in passengers was not going to be "disastrous", but put added emphasis on the corporation's current efforts to cut costs. He said some new "marketing ploys" would be announced soon.

The MTRC has pioneered new forms of borrowing in Hong Kong. During the past month it has arranged the first floating rate note in the territory, amounting to HK$500m.

The corporation originally intended to pay off its debts long before 1996 – which is just one year before China takes back sovereign control of the colony. However, a deteriorating external environment, not least the slump in property market activity since Hong Kong's property market collapsed in 1982, has affected targets. Its break-even date is now 1989 – compared with an original target of 1986 – while debts are not expected to be paid back until 1996.

Currency market losses hit News Corporation

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR RUPERT MURDOCH'S master company, News Corporation, yesterday blamed "serious misjudgment of the international money markets" as the main reason for an net extraordinary loss of A$60.42m for the year to June. Excluding the loss, the group reported a consolidated net profit of A$95.87m (US$79.57m).

In 1982–83 News Corporation reported an extraordinary loss of A$42.56m and a group net profit of A$86.92m. Taken together, the net profit and the extraordinary losses give a final out-turn of A$35.45m for the year just finished against A$44.35m for the previous one.

In a statement issued in Adelaide, the company said that the extraordinary charges include a total write-off of the group's U.S. satellite operation, Skyband, as well as oil exploration costs on a venture in Australia, in addition to the realised foreign exchange losses.

These charges were partially offset by sales of assets, said News Corporation, but did not include gains from the sale of shares in St Regis, the U.S. forest products group. Some U.S.$36.6m could be gained from this sale if Mr Murdoch tenders his shares to Champion International, which is in the process of taking over St Regis.

However, the figures as released give no breakdown of the various extraordinary items. Mr Murdoch earlier this year said that the Skyband venture had cost him U.S.$20m. The oil exploration costs would, say brokers, be for News's 20 per cent stake in the VP-19 offshore field and are estimated at A$5m on the basis of the number of wells drilled in the year to June.

On the credit side would be the U.S.$40m gained from Mr Murdoch's sale of a stake be held for a period in Warner Communications.

Taken together these figures leave some A$80m in extraordinary losses – which could be the size of the foreign exchange losses.

The Adelaide statement added: "The company has now taken steps to eliminate as far as possible this exposure to currency exchange fluctuations, both by achieving a better balance between currencies in which we earn and currencies in which we borrow, and, consistent with that, making maximum reductions in the use of forward currency purchases. There should be no major exchange gains or losses in the current year."

The group recognises realised and unrealised exchange gains and losses fully in the period in which they occur.

News Corporation, which claims to sell more newspapers and magazines than any other publishing company in the West, has extensive media interests in Australia, the UK (including The Sun, News of the World, The Times, and The Sunday Times) and U.S. (including the New York Post and The Boston Herald).

Its biggest non-media investment is a 50 per cent stake in Ansett Airlines, the Australian domestic carrier.

The group said yesterday that its higher net profit in 1983-84 reflected higher earnings in Australia and, to a lesser extent, the U.S. Earnings in the UK were "generally in line with last year."

It gave no divisional or geographic breakdown of profits. However, last year its trading profit (before interest expense), which totalled A$131.3m, was derived as follows: UK, 51.5 per cent; Australia, 32.9 per cent; and U.S., 15.6 per cent. Total revenue in 1983-84, excluding turnover of associated companies, was A$1.87bn, against A$1.5bn previously.

As already announced, the final dividend is 7.5 cents a share, payable on November 29, for a total of 13 cents, up 2 cents.

Depreciation last year was A$29.9m (A$23.4m), and interest charges A$66.3m (A$57.1m). Income tax was A$37.8m (A$16.5m).

The group said its Reuter A shares had been valued at A$1.86 each, and its Reuter B shares at A$2.24 each, for a total value of A$72.9m, against a market value of A$121.4m.

Ashland to reverse acquisition strategy

By William Hall in New York

ASHLAND OIL, the biggest independent U.S. oil refiner, is to take a $270m write-off and plans to sell the bulk of the operations it acquired in 1981 as part of a $640m diversification programme.

Ashland, the latest U.S. oil company to reverse earlier diversification decisions because of poor returns, said it was "clearing the decks in order to concentrate on areas of historic strength."

The after-tax write-off, equal to $9.70 a share, will be taken in the fourth quarter and will result in a loss for the full year. The company said it will maintain its quarterly dividend of 40 cents a share.

Ashland announced in May that it was considering selling Integon, the insurance subsidiary it bought for $238m in 1981. Yesterday the company confirmed that it intended selling Integon, which has $13.3bn of ordinary life insurance in force, and most of the remaining units it acquired the same year as a result of its $403m acquisition of U.S. Filter.

● Mr John McKinley, chairman of Texaco, the U.S. oil major, expects the worldwide workforce of the company and its newly acquired Getty Oil unit to decline by about 21 per cent by the end of this year or early next year compared with a year ago, AP-DJ reports from White Plains, New York.

He expects the Getty workforce to decline to about 12,100 from 19,440 employed in December 1983, and the Texaco workforce, excluding former Getty workers, to fall to about 47,600 from about 54,600.

Mr McKinley said he saw no need to maintain duplicate corporate or refining and marketing headquarters for Getty and Texaco, suggesting that Texaco could close Getty's headquarters office in California and its refining and marketing headquarters in Tulsa.

Daimler-Benz world sales to rise despite metalworkers' strike

BY JOHN DAVIES IN BREMEN

Prof Werner Breitschwerdt

DAIMLER-BENZ, the West German prestige car maker, expects an increase in worldwide sales revenue this year despite the recent labour conflict over shorter working hours.

Professor Werner Breitschwerdt, the chief executive, said that although parent company revenue would be slightly less than last year, group worldwide revenue should exceed last year's DM 40bn ($13bn) total.

Referring to the company's dividend, he said there were indications that Daimler-Benz could succeed in its aim of shielding shareholders from the impact of the labour dispute.

Daimler-Benz like almost all the West German motor vehicle industry, was brought to a standstill during the seven-week dispute in May and June over demands by IG Metall, the metalworkers' union, for a cut in the working week from 40 to 35 hours.

The company estimates that it lost production of about 65,000 cars and 17,000 commercial vehicles worth a total of about DM 3.5bn.

Since work resumed in July after a compromise agreement on an average working week of 38½ hours, Daimler-Benz has been striving to step up production, aided by the full-scale operation this year of its newly extended assembly plant at Bremen.

Prof Breitschwerdt said the company would probably recover about 25,000 of the car output lost during the metalworkers' dispute, about 40 per cent of the shortfall. While capacity at its factories in Sindelfingen and Untertürkheim limited the prospects of catching up on production of some models, the opportunities in Bremen were much better.

He said Daimler-Benz now expects to turn out 480,000 cars this year, compared with 476,180 last year. The labour dispute meant the company would be well short of its *original target of 520,000 cars this* year.

Daimler-Benz has extended its Bremen plant over the past four years at a cost of DM 1.1bn, primarily to turn it into a centre for assembling the compact class 190-series models.

Since compact class models began rolling off the assembly lines in Bremen at the beginning of the year, Daimler-Benz has lifted its output to 440 a day, in addition to about 125 T-series cars. Production at Sindelfingen, the company's other major car assembly centre, includes about 500 compact models a day.

Prof Breitschwerdt said that although the compact class car was conceived at a time of oil crisis, it had long outgrown its original conception and had become an important part of the Daimler-Benz product range.

He said extension of the Bremen plant had provided jobs for about 4,000 workers, taking the labour force there to more than 10,000.

Prof Breitschwerdt said Daimler-Benz's strategy was traditionally to go for steady growth, with as much stability as possible in jobs and capacity utilisation. The expansion of Bremen was not a departure from this policy, he said.

Lufthansa may buy local Avis operation

By Our Financial Staff

LUFTHANSA may make a bid for a large part of the West German operations of Avis, the car rental business owned by Beatrice Foods of the U.S.

Avis in Germany owns 101 rental stations and runs a fleet of 8,000 cars and 800 trucks. It is the second largest car rental business in the Federal Republic after the rental division of Volkswagen.

The deal would give substantial impetus to Lufthansa's attempts to diversify into the non-airline travel business. The airline is 74 per cent owned by the German Government.

Beatrice acquired Avis when it bought the Esmark group of the U.S. for $2.5bn this year. In 1983, the Avis business as a whole contributed just under a tenth of Esmark's total operating profits of $268m.

Asian airline has record $40m profit

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN Airline System (MAS) has reported its best profit in its 12-year history with an after-tax profit of 94.8m ringgit ($40.6m) for the year to March 1984.

This is a tenfold increase over profits of the previous year.

Raja Mohar, MAS's chairman, said the strong profit growth was due to lower interest charges and fuel prices, which fell by 24 per cent and 17 per cent respectively, as well as tight control over spending.

Revenue went up by only 4.5 per cent to 1.23bn ringgit, but expenditure fell by 2.7 per cent to 1.14bn ringgit.

Passengers carried increased by 4 per cent to 5.2m.

Spalding purchase led by management group

BY OUR NEW YORK STAFF

A MANAGEMENT-LED investment group has acquired AG Spalding, the U.S. golf ball manufacturer whose name appears on a wide range of sporting goods and apparel, and two other units of Q Holdings, a private Tampa-based group.

The complex deal is believed to have been funded by Organización Diego Cisneros, the Venezuelan commercial and industrial group.

Q Holdings confirmed that it had sold Spalding, a 108-year-old company founded by A.G. Spalding, a famous Boston baseball pitcher, and its Evenflo infants products group. The terms were not disclosed.

Spalding, which for many years produced all the baseballs used in the two major U.S. leagues, has had a chequered recent history.

In 1970 it was acquired by Questor, a public company. Under Questor, Spalding began a massive diversification, manufacturing a *range of sporting equipment.*

In 1982 Questor was acquired by a group of investors led by Mr Dan Lufkin, co-founder of the Wall Street securities firm, Donaldson Lufkin & Jenrette. The group took Questor private and changed its name to Q Holdings. Mr Lufkin stopped Spalding manufacturing anything where costs were too high.

As a result, Spalding today is virtually only a golf club and ball manufacturer.

Sharp upturn for General Instrument

By Paul Taylor in New York

GENERAL Instrument, the U.S. electronics group, yesterday reported a sharp rebound in its fiscal second-quarter sales and a 43 per cent gain in earnings ending a run of six consecutive quarters of lower year-on-year profits.

The earnings gain reflected improved operating results for General Instrument's semiconductor business and other units which offset continuing sluggish performance by the cable TV electronics segment.

Net earnings increased to $11.53m or 36 cents a share in the quarter ending August 26 from $8.04m or 26 cents a share in the same period last year.

INTL. COMPANIES & FINANCE

Bank Bumiputra registers net loss of 974m ringgit

BY WONG SULONG IN KUALA LUMPUR

BANK BUMIPUTRA, Malaysia's largest bank which last week was the subject of a 2.5bn ringgit (US$1.07bn) rescue by Petronas, the state oil company, yesterday published accounts for 1983 showing a group net loss of 974m ringgit. This compares with a profit of 41.1m ringgit in 1982.

However, following the Petronas rescue and takeover of both the bank and its bad debts, this 1983 loss has now been written off. The debts arose through loans were made by a subsidiary, Bumiputra Malaysia Finance (BMF), to a number of now failed property companies in Hong Kong.

Also yesterday, the appointment was announced of Haji Ismail Hashim, finance director of Petronas, to the board of Bank Bumiputra. This is the first organisational change following the Petronas rescue of the bank last week.

The appointment, announced at the bank's annual meeting, brings the board to six, but apart from Dr Nawawi Mat Awin, the executive chairman, the rest will be non-executive directors. All six have non-banking backgrounds and it is believed that a professional banker will be appointed to the board later.

Haji Hashim, aged 41, was the first officer to join Petronas when it was created 10 years ago and was chief negotiator for Petronas' maiden production-sharing agreements with Shell and Esso in 1976.

In a statement, Dr Nawawi said the bank, with shareholders funds of 1.1bn ringgit and with the problem loans position now resolved, was in a strong position to consolidate its ranking as the country's biggest bank. The bank intends to renew efforts to pursue its original aim of helping the Malays compete in business with other Malaysian races, he said.

Bank Bumiputra's auditors, Hanafiah Raslan and Mohamed, made no qualifications to its accounts, except to draw attention to the fact that BMF's accounts for 1983 had been heavily qualified by Touche Ross, its former auditors in Hong Kong.

The bank's annual report published those qualifications with replies from the bank. Hughes and Company are now the auditors of BMF following the acrimonious dismissal of Touche Ross in July.

Bank Bumiputra's total assets fell to 23.3bn ringgit from 24.09bn in 1982. Comparison of the group result with that of the parent confirms the almost total transfer of the problem loans from BMF back to the parent in Kuala Lumpur. This leaves BMF much smaller — current assets according to the qualified accounts for 1983 had been reduced to HK$102m (US$13m) from HK$5.1bn at the end of 1982.

Malaysia curb on broking bonds

BY OUR KUALA LUMPUR CORRESPONDENT

MALAYSIA'S Registrar of Companies has ordered local stockbrokers to stop using the indemnity bonds put up by remisiers — individual brokers who operate from the offices of stockbrokers but are not members of the firm — as part of their working capital.

The order, issued by Haji Zaulkifli Mahmud, the registrar, is believed to involve as much as 6m ringgit (U.S.$2.5m) deposited by about 300 remisiers in the 46 broking firms. Remsiers generate a significant proportion of their host firms' business, brokers in London say.

The directive came as a shock to most stockbrokers as the practice has been going on for a long time, as generally in Singapore.

Haji Zaulkifli said this practice was considered as a criminal act under the Penal Code, although the authorities had not been enforcing it in the past. He said the indemnity bonds should be placed under a trust account and used only to cover any defaults or losses incurred by the remisiers.

The order is part of the measures introduced by the Malaysian authorities to strengthen the professionalism of the securities industry.

The normal indemnity bond required from a new remisier by a broking company is now 100,000 ringgit compared with about 20,000 ringgit five years ago.

ANI lifts earnings and dividend

BY OUR FINANCIAL STAFF

AUSTRALIAN NATIONAL Industries (ANI), the diversified engineering and metals products group, has announced net profits of A$39.07m (U.S.$32.5m) for the year to June, compared with A$34.1m previously.

Turnover for the group rose marginally to A$1.01bn and a final dividend of 10.2 cents has been declared, making 16.5 cents a share for the year—a rise of 1.2 cents over 1982-83. Earnings per share were up from 28.1 cents to 32.1 cents.

According to the company the profit for the current year, to June 1985, will show a further increase, making it the 17th consecutive rise in earnings for ANI.

Contracting operations provided most of the growth in 1983-84, said the company. The manufacturing and distribution divisions performed better than expected, but the service divisions had lower results, it added.

The profit was struck after tax of A$24.7m against A$21.01m, interest payments of A$12.7m—down from A$18.8m—and depreciation of A$23.5m against A$26.2m. The lower taxation rate was due mainly to beneficial investment allowances in Australia and the U.S.

JAL profit set to rise ten-fold in four years

By Robert Cottrell in Tokyo

JAPAN AIR LINES, Japan's publicly quoted, government affiliated airline, says it hopes to boost parent company profits before tax and extraordinary items from Y4.83bn this year to end March 1984 to Y40bn ($163m) in the year to end-March 1988. Sales are projected to rise from Y756bn to Y1,000bn over the same period.

JAL, the world's largest airline measured by scheduled international traffic, says it also hopes to introduce non-stop Japan-Europe services in 1986, eliminating the present Moscow stopover, and cutting its fastest Tokyo-London flying time to 12 hours, compared with a current best of 14 hours via Moscow, and 18 hours on the Polar alternative route.

Presenting JAL's management plan for 1985-88, Mr Yasumoto Takagi, president, said the company projects average annual international passenger growth of 6 per cent for the four-year period, comprising 4 per cent growth among Japanese passengers, and 8 per cent among non-Japanese. International cargo traffic is projected to grow by an annual 7 per cent average, and domestic passenger traffic at 3 per cent.

Fleet expansion plans include the projected introduction of 11 new 747 and 11 new 767 aeroplanes, the retirement of 12 DC-8s, and the leasing of two DC-10s to a subsidiary. This would produce a fleet totalling 87 aircraft by the end of JAL's 1988-89 financial year.

Mr Takagi said JAL's planned Tokyo-based route expansions include: New York non-stop flights increased from seven to nine weekly in 1986; non-stop 747 service to Chicago in 1986; flights to San Francisco boosted from nine to 14 weekly, and to Los Angeles from 11 to 14, in 1987; and flights to Hong Kong boosted from 17 to 21 weekly in 1987.

● Bank of Kyoto, a Japanese regional bank, is seeking a public listing on the Tokyo and Osaka stock exchanges. The two exchanges have filed with Japan's Ministry of Finance to list the bank on their second sections next month.

UK COMPANY NEWS

BPCC set for 'very substantial' rise

IN HIS interim statement showing a 63 per cent rise in profits, Mr Robert Maxwell, chairman of the British Printing & Communication Corporation, tells shareholders that the group's core strength, combined with transformed finances, enables him to reaffirm with confidence the forecasts for 1984 of a very substantial increase in profits and dividend.

Mr Maxwell, who recently acquired Mirror Group Newspapers for some £113m from Reed International, says he remains fully committed to BPCC and will continue to devote the necessary time and energy as chairman and chief executive of the group.

He points out that the acquisition will provide substantial opportunities for better use of the group's own pre-press and press capacity and says he is confident that co-operation in these and other operational areas will be to "our mutual advantage."

Turnover for the opening six months of 1984 declined from £116.9m to £112.64m but at the pre-tax level profits accelerated by £4.8m to £12.45m.

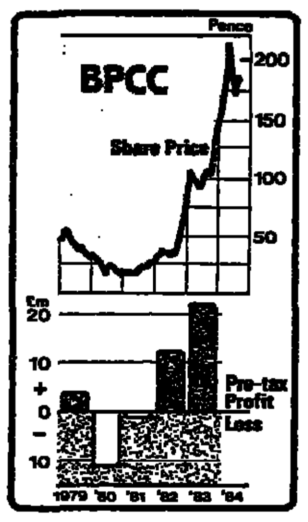
Earnings improved from 6.4p to 10.1p and shareholders are to receive an interim dividend of 3p net per 25p share. The directors intend paying a total of not less than 9p (6p), thus confirming the forecast made by the chairman in his last statement.

He said at that time that prospects for the group were very encouraging and added that he was confident that in 1984 the group would "very substantially exceed" the £22m pre-tax achieved in 1983.

In his interim statement Mr Maxwell says the directors remain dedicated to their twin objectives of harnessing the latest high technology to the group's pre-Press, printing and publishing operations.

They also plan to establish BPCC as a "major profitable world-wide business in information technology and communications" over the next few years by organic growth and, where appropriate, through acquisitions.

With the virtual completion of BPCC's heavy capital programme to modernise and enhance its traditional operations, the directors are placing great emphasis on investment in areas of R and D and marketing which will improve services to customers of its existing businesses and open up opportunities in the develop-



ing fields of electronic publishing and information technology.

The group has had several approaches from overseas for joint ventures to which its "technical leadership in pre-Press technology could be harnessed."

The first such partnership has recently been agreed with Providence Gravure, a leading U.S. gravure printer, and will become operational within 1984.

On group prospects Mr Maxwell comments that the year to date has seen a number of adverse influences and notes, for instance, customer de-stocking in the cigarette industry, following the duty increases in the Budget, which had a pronounced negative effect on the packaging division's results, and the recently resolved IPC journalists' dispute which reduced on a once and for all basis the profits of the magazine and catalogue division by approximately £0.8m.

He continues that, despite these unforeseen adverse factors, the group's "achieved increase in profitability is ample testimony to the profit-earning capacity arising from our re-equipment programme and our unequalled long- and medium-term contracts position, all with customers of national standing."

Turnover for the first half of 1983 included £16m from the Odhams Watford plant which was closed in September last year with the loss of 1,400 jobs. The Odhams work was transferred to other BPCC plants, such as the group's Sun plant at Watford, displacing low-margin third party work.

The group's offers for the various classes of Bishopsgate's capital, made in May of this year, were successful. Bishopsgate's net assets were worth some £45m and the subsequent disposal of its investment portfolio has dramatically strengthened BPCC's balance sheet, reduced its future interest costs and enables it to accelerate its expansion and investment plans.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Wm. Baird ....int.	7	Jan 8	6.3	—	15.75
Bankers Inv Tst 3rd int.	0.4	Nov 30	0.4*	—	2.05
Barker & Dobson int.	0.1	Jan 4	Nil	—	0.25
Betec ....int.	0.5	Nov 15	Nil	—	Nil
Bodycote ....int.	2	Jan 4	1.5	—	3.5
Brit. Printing ....int.	3	Jan 7	—	—¶	6
Clarke, Nickolls ......int.	2.1	Nov 19	2	—	6
Cope Allman	2.25	—	1.5	4.25	2.5
First Castle ....int.	0.85	Nov 14	0.77	—	1.93
Grattan ....int.	1	Jan 4	Nil	—	1
Jebsens Drilling§ ...int.	Nil	—	3.5	—	3.5
John Laing ....int.	1.75	Nov 14	1.25	—	5
Laporte Industries int.	3.2	Nov 9	2.67*	—	7*
L'pool Daily Post ...int.	4.2	Oct 26	3.9	—	10.8
Thos. Marshall ......int.	1.2	Nov 1	Nil	—	1.2
Wm. Morrison ......int.	0.55	Nov 6	0.5	—	1.8
A. J. Mucklow	2.63	Jan 3	2.4	4.73	4.5
R'tree Mackintosh int.	3.6	Jan 4	3.2	—	9.75
Jefferson Smurfit** int.	1.69	Dec 31	1.41	—	3.97
George Spencer ......int.	Nil	—	0.1	—	0.1
Telemetrix	0.9	Dec 17	—	1.4	—
Trafford Park	6.5	—	6	10	9.25
Vosper ....int.	Nil	—	2	—	5.25
Yule Catto ....int.	2.25	Oct 19	1.5	—‖	4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Total not less than 9p already forecast. ‖ Final of 3.25p forecast. ** Irish currency throughout.

Vosper omits interim as orders disappoint

Despite a reduction in turnover from £14.51m to £9.64m, Vosper, shipbuilder and repairer and engineer, increased pre-tax profits from £752,000 to £782,000 for the six months ended April 30 1984.

However, in view of current trading conditions, the directors believe it would not be prudent to declare an interim dividend. They will assess the possibility of a final at the full year stage. Last year, an interim of 2p was followed by a 3.25p final, and profits totalled £2.71m.

Sir John Rix, the chairman, says the order intake has been most disappointing, particularly at Vosper Hovermarine, where the directors have already implemented major cost reduction measures and continue to keep the position under close review.

Group companies are dealing with a number of inquiries which should result in orders in due course, but the chairman says it is doubtful whether they will materialise within the timescale necessary to make any significant contribution to the full year outcome.

Tax charge for the six months was £502,000 (£60,000) and stated earnings per 25p share came out at 4.7p (11.5p).

The aggregate cost of the company's shareholding in Yarrow was £1.17m and the market value of the holding prior to the announcement of the sale was some £2.5m.

John Laing further headway in UK

John Laing, construction engineer, made further steady progress in the first half of 1984 and pushed taxable profits up from £8.1m to £10.7m.

Headway was made in the UK, although the construction industry remained depressed. Severe competition was encountered overseas but Laing has improved its effectiveness.

Turnover for the period amounted to £380m, against £356m, and trading profits were higher at £8m (£7.1m). The taxable result included investment income and net interest receivable of £2.7m (£1m).

The interim dividend is being raised from 1.25p to 1.75p per share but the company points out that this does not necessarily indicate a pro-rata increase on last year's final payment of 3.75p.

Tax took £4.9m (£4.2m), calculated on an average rate of 46.25 per cent. Net profits came out at £5.7m (£3.9m) after minorities this time of £100,000.

The directors point out that group liquidity remains at a high level and reasonable progress is being made in collecting outstanding monies.

In calendar 1983 the group achieved taxable profits of £23.81m on turnover of £729.4m. Net liquid funds increased by nearly £50m, which included £712m from the sale of Thermalite.

● comment

Despite the 14p slump in the share price to 198p, these are not in fact particularly disappointing figures from **John Laing**; rather, the shares seem to have topped out after a very strong rise, and are now on a rating much in line with the rest of the sector. There seems to be a note of caution in the statement about recovery of payments overseas, but it seems likely that both Venezuela and Spain will break even after interest in the full year. On the housebuilding side, Laing's involvement in timber-frame homes for the first-time buyer might seem a danger signal to students of Sir Lawrie Barratt, but despite a slow start full year completions could be 2,000 up at 15,000. UK civil engineering was fairly buoyant in the first half, though there is an obvious question mark over public spending thereafter. A full year figure of £30m pre-tax looks comfortably achievable, pointing to a multiple of slightly over 6, with a forecast yield of maybe 6½ per cent. But the shares have had their run, and may be in for a quiet patch.

Yule Catto climbs 76% to £6m

AS FORECAST by the directors earlier this year, strong growth in profitability has been shown over the first half of 1984 by Yule Catto & Co with the taxable result rising 76 per cent from £3.53m to £6.23m.

The net interim dividend has been lifted from 1.5p to 2.25p, partly to reduce disparity and the directors intend to recommend a final of 3.25p, which would raise the total from 4p to 5.5p.

The directors say that subject to some uncertainties over commodity prices for Malaysian crops during the forthcoming season of peak harvesting, they remain optimistic about prospects both in the long and short term. In the last full year pre-tax profits came to £7.62m.

First half turnover of this group, with interests in plantations, industrial chemicals and building products, expanded from £43.08m to £47.62m.

Earnings per 10p share are shown as rising from 8p to 11.9p.

After some delay, the purchase of an additional 1,738 hetares of land, planted with mature oil palms, has been completed by Yule Catto Plantations Sdn Bhd. During the current year commodity prices have been highly volatile, say the directors. However, harvests of both crude palm oil and natural rubber were satisfactory in the first half.

Industrial activities in Malaysia performed well with substantially higher exports of natural rubber latices and increased emulsion sales in local markets.

Economic conditions in South Africa continue to deteriorate and more deflationary monetary and fiscal measures have recently been implemented there. In South Africa companies have been able to sustain their growth in the current year but there is increasing evidence of a downturn in the coming months.

UK chemicals and building materials are making good progress in both business volume and profitability and should maintain their performance over second half.

Laporte over £22m with most activities doing well

Mr R. M. Ringwald, chairman of Laporte Industries (Holdings), reports that good results were achieved in practically every area of the group's business in the first six months of 1984

Profits before tax climbed from £13.7m to £22.2m and the chairman tells shareholders that this increase "demonstrates the substantial and continuing growth of our company."

Laporte, a chemical manufacturer, achieved the result on sales £36.6m higher at £181.3m.

UK operations contributed £10.5m, against £7.6m, to pre-interest profits and overseas notched up a £3.1m improvement to £3.6m.

Interox, a related company, pushed sales up by £5.6m to £54.8m. Profits from this source rose by £1.4m to £8.2m.

The interim dividend is being raised from an adjusted 2.67p to 3.2p. Earnings per share are shown as 12.2p compared with 9.4p. Tax took £9.7m (£5.3m), leaving the net result £4.1m up at £12.5m.

Interox America achieved a modest pre-tax profit and Mr Ringwald believes that Laporte is now at the start of a new and profitable phase of development of its peroxygen business in the U.S.

The sale of pigment businesses in the UK and Australia to SCM Corporation was completed on September 4. This disposal will have a beneficial effect on the structure of group's activities and net proceeds of the sale, which are expected to amount to more than £80m, will further strengthen the balance sheet.

● comment

Laporte presents investors with an interesting problem—how to value the group's prospects now that the sale of its titanium dioxide operations has released unprecedented funds for the avowed strategy of buying small speciality chemicals businesses. The shares, which appreciated in advance of these figures, climbed another 6p to 348p on this announcement which confirmed that generally both the company and the related Interox business are performing well in a buoyant market. In particular, Interox U.S., set up four years ago, has moved strongly into profit. It is significant that the group, which gives little away about the relative performance of different businesses, singles out its more recent acquisitions for particular praise. There seems nothing to stop Laporte making £45m pre-tax this year, which, on a 43 per cent tax charge, puts the shares on a prospective multiple of 13.7. This is demanding, putting Laporte on a par with Fisons, for example, although short of another speciality chemicals company, Allied Colloids. The shares then will probably mark time until it becomes clear where the £80m deal from the deal with SCM will be spent.

INDEX TO COMPANY HIGHLIGHTS

Sinclair expects rapid sales for QL computer

Sinclair Research attained higher profits before tax of £14.28m, against £14.03m, in the year to March 31 1984.

Turnover rose 42 per cent from £54.53m to £77.69m, reflecting continuing demand in the UK and growing demand in overseas markets, excluding the U.S. for the group's main product, the ZX Spectrum and its associated peripherals

The company was founded by its chairman and chief executive, Sir Clive Sinclair, in July 1979, to conceive, develop and market new consumer electronics products.

Its principal activities are in the computer market where it is an established world-leader in the personal sector. Total sales exceed 3m units

Commenting on the results, Sir Clive says that both recently-launched major products, the pocket television and the QL computer had "added to costs in the year but little to sales."

He adds that the QL was "now in large volume production" and that "sales should build rapidly. We expect it to sell well worldwide."

Reviewing progress generally Sir Clive adds that "our Spectrum computer continues to gain in sales. Pocket television production is increasing and we hope to expand sales abroad next calendar year. The breadth of our product range and our markets are improving steadily.

"Export sales have increased steadily and there has been rapid growth in the home market. Export sales are expected to increase as a percentage of total sales."

Looking to the future, Sir Clive stresses the company's "strong technical leadership which we expect to enhance now that our advanced research laboratory, MetaLab, is established."

Sinclair has also entered a second major market with its flat-screen pocket TV and other current developments include further computers, computer peripherals and consumer applications of solid state technology.

See Lex

Progress to £0.47m at Betec

IN THE first six months of 1984, trading performance of **Betec**, formerly Bifurcated Engineering, has continued to improve, with sales rising to £7.43m, against £6.99m, and pre-tax profits from £171,000 to £473,000.

The board is cautiously optimistic about the second half and is therefore resuming dividend payments—after a two years absence—with an interim of 0.5p net.

Tax took £148,000 (£30,000) and after extraordinary charges of £138,000 (£100,000) and preference dividends of £41,000 (£14,000), attributable profits were up from £27,000 to £146,000. Earnings per 25p share are stated at 3.66p (1.65p) undiluted

Both the group's component and engineering companies contributed to the increase in profits, benefiting from reorganisation and increased efficiency.

In 1984 the group has continued to strengthen management

UK COMPANY NEWS

Encouraging results at Wm Baird with £4.22m profit

RESULTS for the six months to June 30, 1984, at William Baird, Glasgow-based textile and garment manufacturer, have been encouraging in a period which has been notable for its uncertainties, says group chairman, Mr T. D. Parr.

On turnover up from £89.76m to £100.54m, of which the Baird Textiles division increased sales by £4.67m to £66.77m, and Darchem from £27.65m to £33.77m, the group returned pre-tax profits of £4.22m against £3.55m.

In the last full year profits came to £10.49m.

First half earnings per £1 share were stated at 15.8p (14.3p), and an interim dividend of 7p (6.3p) has been declared. The board intends to hold the final at not less than 9.45p.

Baird Textiles, which made an operating profit of £3.96m (£3.11m), is making progress in most areas of its business says Mr Parr, with the exception being in ladies' garment manufacturing which has been experiencing difficult trading conditions. Dannimac continues to perform well, and overseas manufacturing has shown some improvement.

Operating profit in the Darchem division rose from £0.93m to £1.05m. The performance here has been "satisfactory both so far as 1984 is concerned and in progress towards the development of business for later in the decade when major current work will be finished."

Interest payments increased to £1.04m (£0.82m) and central administration £195,000 (£190,000). Tax was up sharply at £1.25m against £0.87m, and dividends will absorb £1.32m (£1.19m).

● comment

Last year William Baird caught a cold on unfavourable currency movements, a factor which hit the overseas manufacturing companies importing into the UK. This year it protected itself by buying forward and this with the help of internal efficiencies, explains the strong margin improvement by the textiles division, a performance which looks especially impressive given the current dogfight in the marketplace for ladies' garments. Darchem, too, continues to do well on the back of its substantial nuclear orders and the news that it is picking up smaller orders to cover itself when the current work runs out is comforting. As far as the second half is concerned the only wild card is the miners' strike and what happens in the important run-up to Xmas. At this stage it is probably prudent to count on an £11.5m pre-tax outturn for the year. At 310p, up 5p, the prospective multiple is 7.8 after tax at 35 per cent, a rating which looks undemanding for a major Marks & Spencer supplier with a very strong balance sheet.

Marshall (Loxley) maintains recovery

Thomas Marshall (Loxley), fireclay refractory manufacturer, continued its recovery during the half year to end June 30 1984.

This Sheffield-based company achieved pre-tax profits of £256,000, compared with a £23,000 loss in the corresponding period. Pre-tax profits for the whole of 1983 were £353,000.

The first half improvement was made on turnover down from £7.49m to £7.12m.

Earnings per 25p share were shown at 4.06p, compared with a 0.29p loss. The company is paying an interim dividend of 1.2p against last year's single final payment of 1.2p.

The half year results, while showing a significant improvement on the previous year, are marginally lower than anticipated. This is attributable to a further outbreak of price cutting by European competition, and by the company's own unwillingness to accept delayed payment from financially extended third world countries.

A merchanting review has been put into effect, and group liquidity is expected to improve before the year-end when the contracts for disposal of stock are settled.

The coal strike has had little effect to date, but its continuance prevents Mr J. R. Gledhill, the chairman, from making a firm forecast for the year. It is unlikely, however, that it will prevent the trading profit for the year from showing a significant improvement over 1983.

Wm Morrison raises turnover at expense of gross margins

FIRST HALF turnover at Wm. Morrison Supermarkets increased by 30 per cent from £125.24m to £162.83m but was only accompanied by a £473,000 rise to £4.72m in profits at the taxable level.

Mr K. D. Morrison, chairman, says that while the increase in turnover for the 27 weeks to August 4, 1984 is encouraging it has only been achieved by a reduction in gross margins.

Labour and overhead costs have been kept under control and the chairman considers the increase in operating profit from £4.28m to £5.08m, satisfactory.

The continuing heavy investment programme resulted in an increase in interest payable of £303,000 to £355,000 and the depreciation charge rose by £253,000 to £1.62m.

The superstores at Darnall and Grantham, which opened at the beginning of 1984, traded satisfactory. The lettings at both locations have been largely completed and will make a "substantial contribution" to rental income in the near future.

Progress has been made in the development at Killingworth. At Rotherham the purchase of a site for the new supermarket involved the acquisition of a company operating a small store which Morrison intends to keep open at least until the new development is complete.

The interim dividend is up 10 per cent at 5.5p with earnings per share shown virtually unchanged at 5.31p (5.39p).

● comment

There are no surprises in these solid first-half results from Wm. Morrison which, with a decade of steady profits growth under its belt, ranks as one of the premier regional supermarket groups. Given that the cake is not getting any bigger, the underlying 7 per cent volume gain so far looks very creditable although to do this, the group has, inevitably, had to sacrifice some margin. But overheads, particularly labour costs, have been contained and gearing is no worse than it was at the end of last year in spite of the heavier investment programme. For the second half, though, the company will have difficulty in maintaining its market penetration. For one, new Asda and Sainsbury branches will increase competition further and some of the new outlets will have reached their full maturity. Also, there is one less trading week in the second half. Tighter margins will be offset slightly by increased rental income as the new units at the Grantham and Darnall superstores come on stream, all pointing to around £11m pre-tax for the year. After tax at 45 per cent, the prospective p/e is over 14 at 184, up 2p, a share price which has been benefiting from all the takeover activity in the food sector. Given that the company is virtually bid proof, the rating looks a little high on trading grounds but still not as overvalued as Hillards.

Grattan £3.5m in the black at interim stage

TRADING IN the period to July 31 1984 at mail order group, Grattan, continued the improving trend of the second half of last year. Sales increased by 9.3 per cent to £98.1m, against £89.75m, and there was a pre-tax profit of £3.46m, compared with a loss last time of £0.86m.

The interim dividend is resumed after last year's omission with a payment of 1p net per 25p share—in the previous year to January 31 1984, the group made a £3.51m taxable profit and paid a single final dividend of 1p.

The directors say that with the peak Christmas trading period still to come, it is too early to predict the outcome of the autumn/winter season. However, sales in the second half to date are ahead of last year.

At the operating level, half-year profits were up sharply from £0.81m to £4.93m, before lower interest charges of £1.46m (£1.68m). After tax of £0.52m (nil) and an extraordinary debit of £0.5m in 1983, the attributable surplus came out at £2.94m, as against a £1.36m deficit. The dividend absorbs £0.45m.

Earnings per share were 6.62p, compared with 1.94p losses before.

● comment

Grattan has lived up to expectations making as much profit in the last six months as for the whole of the previous year. A generally more favourable retailing climate than had been anticipated for '84 is naturally working in its favour and in particular internal rationalisation *programmes* coupled with a 10 per cent reduction in its agency base (ie losing all the unprofitable ones) has revamped the profits line. So far so good, but it is hard to lose the feeling that the cornerstone of mail order is gradually being eroded by competition from the High Street no matter how many direct ordering telephone lines the sector puts in. Grattan is countering on two fronts: more emphasis direct mail order—currently a fifth of sales and likely to increase—and a more professional marketing approach to its basic business. Computers now tell it where it should be pushing the special offers, etc. Though the key weeks for the second half are yet to arrive it is a fair bet that profits for the year could be around £8m to £8½m pre-tax. The long term future is hard to perceive and a prospective pe of 8.5 (assuming a 35 per cent tax charge) at 106p reflects some uncertainty.

Progress by First Castle

EXCELLENT progress has been achieved at First Castle Electronics for the six months to the end of July 1984, says Mr Leslie Connor, chairman announcing a 31 per cent rise in pre-tax profits from £838,021 to £1.1m. The increase was achieved despite a fall-off in some divisions in sub-contract work which was affected by reduced demand from some major customers. Centronic Holdings and Fleetworld provided most of the progress, says Mr Connor.

Turnover of this specialist developer of electro-optic components and radiation detectors grew from £6.61m to £8.41m.

The net interim dividend has been lifted from 0.77p to 0.847p. In the last full year a total of 1.925p was paid from pre-tax profits of £1.74m.

Fisrt half earnings per 10p share were shown as rising from 4.47p to 5.58p.

Fleetworld extended its procurement of electronic components to some new countries outside its traditional European customer base and a newly formed subsidiary Zeta Electronics Marketing made a success start.

At Centronic, nuclear radiation detection equipment sales maintained progress and sales in the U.S. showed a further significant increase. Defence Industry contracts for the Middle East and Canada are ocntinuing

UK COMPANY NEWS

U.S. activities bolster Rowntree

Mr Kenneth Dixon, chairman of Rowntree Mackintosh... "our plans are firmly directed towards profitable growth"

Rowntree Mackintosh, the Kit-Kat and Quality Street confectionery group, achieved a 40 per cent increase in taxable profits from £45.1m to £63.0m over the 24 weeks to June 16 1984 on sales ahead by £118.6m to £480.9m.

Nearly all of the improvement was attributable to North American operations which returned trading profits of £11.4m, against £100,000, reflecting the successful integration of Tom's Foods and Laura Secord which contributed £10.6m.

Group results were struck after sharply higher interest payments of £7.5m (£1.4m).

Stated earnings per share rose by 30 per cent to 10.7p and the interim dividend is being lifted by 12.5 per cent from 3.2p to 3.6p.

Group operations outside the UK continued to progress and exports from the UK performed particularly well. UK grocery and snack food companies again increased both sales and profits.

Rowntree's UK confectionery division slightly increased volume sales, with an "outstanding performance" by Kit-Kat. Trading margins were lower as price reductions made during the second half of 1983 continued to have an effect.

Recently implemented price increases, however, should restore margins and lead to a higher profit for the year as a whole, says Mr Kenneth Dixon, group chairman.

He adds that Rowntree is continuing to invest heavily in more efficient production. Capital expenditure, he says, is running at a rate in excess of 1983 and will amount to about £65m for the year.

"Our plans are firmly directed towards profitable growth with appropriate acquisitions playing their part," says Mr Dixon.

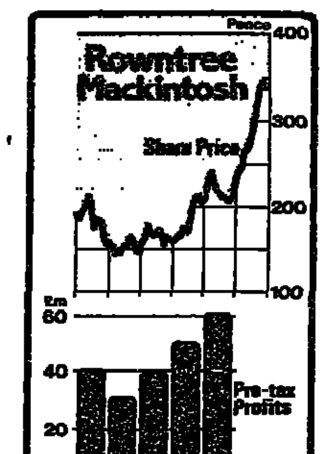
He added: "In the short-term the good first half results give confidence that the full year results will reflect the success of these policies."

In the last full year Rowntree pushed pre-tax profits up from £50.5m to £61.4m on turnover of £951.9m compared with £770.5m.

Turnover in the UK during the first half increased from £193.8m to £203.9m but trading profits slipped back by £1.3m to £14m. Losses in Europe were reduced to £1.6m (£2.7m) on sales ahead at £92.1m (£86.7m).

Sales by North American operations totalled £121m (£27.2m). In Australasia they amounted to £24.3m (£19.1m) and trading profits emerged at £0.3m (loss £0.2m).

Activities in the rest of the world contributed profits of £6m (£5m) from sales of £39.6m (£35.5m).



Rowntree's tax bill for the six months was up £900,000 at £5.4m, leaving net profits of £17.2m (£11.6m). The dividend will absorb £5.8m. Attributable profits for calendar 1983 amounted to £46.5m (£34.3m).

See Lex

Cope Allman profits soar as benefits of rationalisation show

Cope Allman International, industrial holding company, hoisted pre-tax profits to £9.17m in the 12 months to June 30 1984 which was quadruple the previous year's figure of £2.28m. As predicted in July, second half profits at £5.59m, were substantially higher than the £3.28m made in the first period.

The board says the major reasons for the increase are first, the benefits from completion of the rationalisation programme; second, packaging and engineering turnover up by 20 per cent; and finally, finance costs reduced by £600,000 to £3.29m.

Early indications for the current year are encouraging, says the board, and this confidence is underlined by an increased net dividend total up from 2.5p to 4.25p with a final of 2.25p—in line with the forecast of not less than 2p.

Mr Michael Doherty, the chief executive, says the group is now in excellent shape to exploit the opportunities which exist in a number of its markets.

Turnover of the group's continuing businesses improved by 16 per cent from £135.44m to £157.1m, of which £86.62m (£67.23m) accrued in the second half. Operating profits more than doubled from £6.16m to £12.46m.

An analysis of turnover and operating profits by activity shows (in £000s): packaging £100,909 (£83,115) and £7,172 (£3,210); amusement machines £28,031 (£25,808) and £1,545 (£2,093); engineering £28,157 (£23,514) and £4,619 (£2,667).

After UK tax of £2.46m (£251,000), overseas tax of £1.5m (£296,000) and minorities, attributable earnings were up by some 200 per cent from £1.72m to £5.18m. Earnings per 5p share advanced from 4.36p to 13.11p.

Extraordinary charges decreased from £3.67m to £1.78m. These relate principally to the costs of disposal of the group's two remaining fashion companies and in addition a £3.19m provision has been made for deferred tax as a result of the new rates of capital allowances introduced by the Finance Act 1984.

● **comment**

These remarkably good figures show Cope Allman responding to treatment right across the slightly straggling range of its products. The only division to report a fall in profits is Bell-Fruit, but that is after a good £500,000 of redundancy and closure provisions; in fact, Bell-Fruit's manufacturing arm was back in profit by the year-end (against a £2m loss two years ago), and the profitable distribution business has doubled its market share to 20 per cent (still half what it was five years ago). There is still some growth to come across the group from the benefits of better management this year, and expansion thereafter (aside from tentative acquisition plans) is still achievable in the containers and closures business. As to the shares (up 2p at 105p), the 40 per cent-plus holding by Mr Michael Ashcroft naturally clouds the issue. But on current year profits of £11-£11.5m the multiple is only around 5 or 6, and the yield is a comforting 6 per cent. The market may continue to take a niggardly view of Cope's range of businesses, but the shares look a usefully safe investment for all that.

British Bloodstock Agency to place 25% of equity on USM

THE DIRECTORS and shareholders of the British Bloodstock Agency will have raised almost £1.3m net of expenses when their shares are placed on the Unlisted Securities Market next Thursday.

The group, established in 1911, is the world's largest bloodstock agency. It acts as an agent buying and selling thoroughbred racehorses, stallion shares and nominations for mares to be covered by studs. The agency also manages stallion syndicates and the insurance and shipping of horses, as well as owning a portfolio of stallion shares.

Kleinwort, Benson, the merchant banker, is placing 850,000 shares at 165p each, 25 per cent of the total equity, which is valued at £5.6m.

Taxable profits rose by 30 per cent on an historic earnings multiple of 8.6. The directors would have paid a total net dividend of 7.25p had the shares been quoted during the year, giving 6.3 per cent yield, covered 2.6 times by actual earnings.

There is no profits forecast because many of the important bloodstock sales take place between October and December, but prices at the two major sales so far this year have been well ahead of 1983. The average price of a yearling at the Keeneland Summer Sales held in the U.S. three months ago was $1.5m (£1.2m), 13 per cent more than the preceding year's average.

Major Christo Philipson, managing director, says the group is coming to the USM to achieve a wider market for its shares, and to facilitate possible acquisition. Brokers to the placing or Sheppards and Chase.

● **comment**

Like the racehorses it handles, BBA is an upmarket, but potentially volatile beast. One or two major deals—or their absence—can have a dramatic impact on profits, and something under half of the group's revenues ride on the vagaries of bloodstock values. The latter have been cantering ahead smartly in recent years, although the benefit to earnings has been diluted by BBA's sliding scale of commissions. By the same token, the commission structure could provide a cushion if prices were to stumble. Insurance and shipping, which account for a similar proportion of the business, look less volatile since they are more closely linked to the international racing calendar than to auction prices. Like most service companies, BBA relies on a few key individuals' skills, as reflected by the fact that the directors' remuneration represented 26 per cent of taxable profits last year. Growth is likely to be stunning, as indicated by the modest p/e, but the company is well managed and unusual enough to pull out the punters in force. A respectable initial premium looks on the cards, but a la Aspinall's, the acid test comes later.

Sunleigh falls

Sunleigh Electronics, USM quoted maker of capital optical equipment, made lower pre-tax profits of £113,000 for the first half of 1984, against £177,000 last time.

Comparisons are the results of Sunleigh Electronics for the three months to June 30, 1983, including the results of the trading subsidiaries for the six months to June 30, 1983.

Turnover totalled £0.99m (£1.18m). Tax took £46,000 (£79,000) and earnings per 10p share were 0.29p (0.43p).

Immediate future bright for Jefferson Smurfit

THE IMMEDIATE future for Jefferson Smurfit Group is bright and an excellent year is in prospect says Mr H. E. Kilroy, chairman, who yesterday unveiled a near eight-fold increase in the group's interim taxable profit from I£2.61m to I£20.05m.

This result underlines Mr Kilroy's predictions at the June agm and compare with profits of £12.83m for the whole of the 1983-84 year.

The net interim dividend has ben lifted from 1.406p to 1.6872p. In the last full year a total of 3.9692p was paid. First half earnings per share wer shown as 8.1p (5.1p).

Smurfit, a manufacturer of corrugated cases, paper and board, print and packaging, achieved better results in all of its major geographical regions, particularly in North America where profits surged from £7.37m to £20.04m before interest.

Group turnover for the six months ot July 31 1984 amounted to £406.06m, against £349.72m, and the txable result was struck after a reduced interest charge of £4.53m (£4.75m).

● **comment**

Jefferson Smurfit's seven-fold increase on taxable profits comes from a very low base and had long ago been discounted by the market, which sent the shares down 1p to 136p. Despite the failure of the Southwest bid, the U.S. is looking more than ever like the jewel in Jefferson's crown. Demand is fast outstripping the industry's ability to supply it, permitting the group to gain market share and push through a 17½ per cent price increase for kraft liner. Prices look set to maintain their firmness well into next year. Demand is contrastingly weak in the UK and Ireland, with most of the profits increase coming from loss elimination and production efficiencies. Helped by last September's $60m U.S. offering and improved cash flow, borrowings have declined dramatically from 82 per cent to 47 per cent of shareholders' funds. The outlook is even better for the current half, putting Jefferson on track for full-year taxable profits

Report for the half-year ended 30 June 1984

The directors announce that the unaudited net profit on ordinary activities attributable to RTZ shareholders for the first six months of 1984 was £100.1 million (32.33p per ordinary share). This compares with £84.5 million (30.91p per ordinary share) in the corresponding period last year and £88.0 million (28.55p per ordinary share) in the second half of 1983.

The increase of £15.6 million in net attributable profit and 1.42p in earnings per share over the first half of 1983 was due to a substantial improvement in the results of wholly owned subsidiaries partly offset by a slightly lower contribution from the partly owned subsidiaries. Earnings per share have grown correspondingly less as a result of the increase in share capital from last year's rights issue.

Continuing economic recovery has benefited those Group operations that are not dependent on metal and mineral prices. Despite some increase in demand for internationally traded metals and minerals the Group's mining interests have continued to suffer from generally depressed prices.

An interim ordinary dividend of 6.5p per share has been declared for 1984 (1983 – 6.0p per share).

REVIEW OF RESULTS FOR THE FIRST HALF OF 1984

The recovery in western economies began to broaden from its consumer related origins, but in general this has not led to higher metal and mineral prices.

The European producer price for zinc maintained the levels achieved in the second half of 1983, averaging US$1,058 per tonne compared with US$767 in the first half of 1983, whilst lead showed a 9 per cent increase to £316 per tonne (1983: £289). The LME aluminium price averaged £992 per tonne, some 16 per cent higher than in the first half of 1983, but it nonetheless represented a decline from the average price achieved in the second half of 1983 of £1,048 per tonne. Copper remained weak, with an average LME price of £1,015 per tonne, compared with £1,076 per tonne a year ago. Precious metal prices have fallen back from the levels prevailing a year ago, with gold averaging US$381 per troy ounce compared with US$446 per troy ounce, while silver was about 25 per cent lower in dollar terms.

As in 1983, group operations have experienced wide variations in the impact of currency movements on their revenues. The US dollar has continued its rise against most major currencies and this has helped to compensate local currency realisations from some of the weaker priced metals.

Overall production and sales volumes for the Group's copper, lead and zinc interests were little changed from the same period last year, although concentrate production from the lead/zinc mines at Broken Hill was interrupted by an eight week industrial dispute which was settled at the end of May.

Aluminium sales and production increased significantly, reflecting new capacity brought in by Comalco in Australia. First production from CRA's new coal mines at Blair Athol and Tarong and from Lornex's Bullmoose joint venture lifted coal revenues. Uranium deliveries also reflected production from the Stanleigh mine which commenced operations in 1983.

CRA contributed £17.6 million to RTZ's net attributable earnings compared with £23.5 million last year. This contribution is stated after adjustment to CRA's reported results to conform to UK accounting practice. The main factors behind the reduction were lower profits from Bougainville and Hamersley, losses in the coal operations and higher expenditure on exploration and new technology studies. These were offset by improved results from Comalco, largely from increased sales of bauxite and aluminium metal, and from AM&S, despite a strike at Broken Hill, from higher lead and zinc prices.

RTZ Borax produced another very strong performance, increasing net profit for the half year to £39.7 million from £26.7 million in the same period last year. Substantially higher volumes of Borax products and favourable translation into sterling together with a much improved performance by the chemical companies accounted for this excellent result.

RTZ Industries also performed well to raise its contribution to RTZ's net earnings to £24.8 million against £17.0 million in the same period last year. Earnings from sales to the UK housing market were higher and Indal in North America also increased its earnings.

RTZ Metals experienced a fall in net earnings from £13.1 million to £9.0 million mainly as a result of losses by the 49 per cent owned copper mining associate Rio Tinto Minera and a slight decrease in earnings from RTZ Aluminium Holdings.

Earnings from RTZ Cement fell from £8.0 million to £7.3 million despite a small increase in sales tonnage. Cement prices remained unchanged and this has affected margins. Significant new capital expenditure has been authorised in order further to raise efficiency and reduce operating costs.

Rio Algom's contribution to RTZ's earnings in the period was £6.4 million compared with £3.9 million for the first half of 1983. Uranium earnings improved not only from the restarted Stanleigh mine but at the other Rio Algom mines at Elliot Lake and in Utah. Steel operations also maintained their recovery, reporting profits compared with a loss in the first half of 1983. Lower copper prices and head grades at Lornex partly offset by an initial contribution from Bullmoose resulted in a small loss from this operation.

Palabora's contribution to Group net earnings was £4.7 million, similar to last year's contribution of £4.4 million. Higher sales in local currency and lower costs were offset by a provision for the increase in local rates of taxation.

RTZ Oil and Gas, with the benefit of the newly acquired 1 per cent stake in the Forties field and the favourable effect of the US dollar on revenues, increased its earnings despite higher exploration spending.

Operations at Rössing continued satisfactorily, but the contribution attributable to RTZ was significantly reduced due to the delay of deliveries into the second half of 1984 and increased provision for deferred taxation.

The RTZ parent increased its investment income from interest on proceeds from the rights issue made in 1983 held as short term investments.

(£ millions)	First half 1984	First half 1983	Year 1983
Turnover	2,695.2	2,255.6	4,811.0
Deduct: Operating costs	2,371.7	1,930.5	4,187.5
Operating profit	323.5	325.1	623.5
Share of profits less losses of related companies	14.5	5.0	20.3
Interest receivable and similar income	51.9	38.9	100.9
	389.9	369.0	744.7
Deduct: Interest payable	87.7	83.1	169.5
Profit on ordinary activities before taxation	302.2	285.9	575.2
Deduct: Tax on profit on ordinary activities	152.8	136.0	278.9
Profit on ordinary activities after taxation	149.4	149.9	296.3
Deduct: Attributable to outside shareholders	49.3	65.4	123.8
Net profit on ordinary activities attributable to RTZ shareholders	£100.1m	£84.5m	£172.5m
Earnings per ordinary share	32.33p	30.91p	59.31p
Dividends Preference	0.2	0.2	0.4
Ordinary—Interim	19.7	18.2	18.2
—Final	—	—	36.3
	£19.9m	£18.4m	£54.9m
Declared per 25p ordinary share	6.50p	6.00p	18.00p
Gross equivalent to UK shareholders	9.28p	8.57p	25.71p

Notes:

(1) The results of overseas operations have been translated from foreign currencies into sterling at the quoted rates of exchange ruling at the end of the accounting period.

(2) As in previous years, adjustments have been made to bring accounting policies applied by certain overseas subsidiaries into line with the requirements of UK Statements of Standard Accounting Practice. These adjustments resulted in an increase of £3.9 million in RTZ's net attributable earnings compared with the unadjusted amount derived from the published results of the subsidiaries concerned. The adjustments related mainly to CRA and Rio Algom group companies and involved restatement of exchange losses on foreign currency loans and of stock values. The corresponding adjustments on the same accounting basis in the first half of 1983 resulted in an increase of £14.3 million in RTZ's net attributable profit.

(3) The principal items from the results for the half year determined on a proportional equity accounting basis are as follows:—

	First half 1984	First half 1983	Year 1983
Turnover	£1,852m	£1,584m	£3,197m
Profit on ordinary activities before taxation	£193m	£168m	£331m

(4) The amount shown for the 1984 interim dividend is calculated on ordinary shares currently in issue and no amount is included for any issues of accumulating ordinary shares allotted to holders of accumulating ordinary shares in lieu of dividend. If all the accumulating ordinary shares were converted to ordinary shares, the cost of the 1984 interim dividend would be £20.1 million.

(5) The results shown for the year 1983 have been extracted from the full accounts prepared on an historical cost basis which received an unqualified auditors' report and have been filed with the Registrar of Companies.

DIVIDENDS

The directors have declared an interim ordinary dividend for 1984 of 6.5p per share and dividends of 1.6625p per share on the 3.325 per cent 'A' cumulative preference shares and 1.75p per share on the 3.5 per cent 'B' cumulative preference shares both in respect of the half year to 31 December 1984. These dividends will be paid on 2 January 1985 to registered holders on the Company's registers as at the close of business on 14 November 1984. Dividends on shares held in the form of share warrants to bearer will be paid on or after 2 January 1985 after presentation of coupons 50 (ordinary) and 45 ('B' cumulative preference). The dividends on the ordinary and preference shares will be paid without deduction of income tax and will carry a tax credit.

Payment to holders of ordinary and 'A' cumulative preference shares on the Melbourne register will be made in Australian currency fixed at the rate of exchange ruling on 29 November 1984.

ACCUMULATING ORDINARY SHARES

Holders of accumulating ordinary shares will receive on 2 January 1985 a further allotment of such shares, credited as fully paid, on the basis of 0.010931 of a new share for every share held at the close of business on 14 November 1984 subject to adjustment for fractions. Holders of accumulating ordinary shares will also receive a dividend of 0.1p per share.

OUTLOOK

The outlook for the Goup's mining operations depends to a great extent on metal prices and to a lesser extent on exchange rates. Some of the principal factors which have held back metal prices remain. High interest rates, relatively weak demand in some less developed countries and continuing overcapacity are perhaps the most important of these. The Group's industrial and chemical interests have performed well and are expected to continue to do so.

By Order of the Board F. S. Wigley
Secretary, 6 St. James's Square, London SW1Y 4LD. 19 September 1984.

Printed copies of the report are available on request.

The Rio Tinto-Zinc Corporation PLC RTZ

UK COMPANY NEWS

Bodycote sharply ahead

Profits before tax of Bodycote International improved from £452,000 to £815,000 over the first half of 1984 and the interim dividend is being lifted by 0.5p to 2p net per 25p share.

Group chairman Mr Joe Dwek says Bodycote continues to make progress and adds that the "encouraging" results reflect a general overall improvement in performance despite the fact that the economic recovery "has been patchy."

The major proportion of the increase arose from the improved contribution of the metal treatment division together with better-than-expected results from the overseas subsidiaries.

Turnover for the period advanced from £12.93m to £15.36m and operating profits from £664,000 to £992,000 of which the overseas operations contributed £56,000 (£4,000)—the group manufactures industrial clothing and safety products

Benjamin Priest arranges £3.65m financial package

BY ALISON HOGAN

Benjamin Priest Group, the West Midlands engineers which has suffered a sharp increase in losses for the year to March, has organised a refinancing package to raise £3.65m.

Morgan Grenfell arranged the capital injection after the group's banks called for a significant reduction in gearing if they are to continue supporting the group.

Priest's trading loss more than doubled to £1.32m from £647,000 which it attributes to the recession, overcapacity in the drop forging and motor component industries and operating difficulties within certain groups of companies.

Remedial action has been taken with the sale of Integrated Handling and negotiations are under way to dispose of Crossland Lighting and S. Taylor.

The results also include an extraordinary item of £5.2m (compared with £1.12m) connected with the closure and rationalisation costs of other businesses the group has, or is in the process of withdrawing from.

Mr David Abel Smith, managing director of Priest, said that the group is left with an interesting range of businesses in a number of areas including drop forging, components, roofing and fasteners and pressings.

The £3.63m is being raised by way of an issue of 8 per cent cumulative convertible redeemable preference shares of £1 each at par accompanied by a reduction of capital.

Total borrowings represented 147 per cent of shareholders' funds at March 30. The rise was due to the large erosion in the capital base rather than from an increase in borrowings which rose only marginally.

Some 3.34m of the convertible preference shares have been placed conditionally with institutions. The effect of the issue is to bring gearing down to 54 per cent.

On conversion the preference shares will account for around 81 per cent of the enlarged ordinary share capital. Shareholders are being given the opportunity to subscribe for up to 58 per cent of the total issue, on the basis of one convertible preference share for every eight ordinary shares.

The group plans to make good a deficit of £4.36m on distributable reserves by reducing the nominal value of the ordinary shares from 25p to 5p per share and by partially cancelling the share premium account to the extent of £978,000.

BANK RETURN

	Wednesday September 19 1984	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	39,271,015	— 3,024
Bankers Deposits	690,792,183	+ 43,107,773
Reserve and other Accounts	1,538,640 365	— 101,082,534
	2,283,256,563	— 57 977,785
Assets		
Government Securities	389,704,579	— 1,705,000
Advance & other Accounts	661,201,908	— 55,883,625
Premises Equipment & other Secs.	1,228,908,626	— 512,195
Notes	9,296,764	+ 133,819
Coin	144,686	— 10,790
	2,283,256 563	— 57,977 785
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	12,030,000,000	— 20,000,000
In circulation	12,020,703,236	— 20,133,819
In Banking Department	9,296,764	+ 133,819
Assets		
Government Dept	11,015,100	—
Other Government Securities	1,863,763,593	+ 131,454,560
Other Securities	10,155,221,307	— 151,454,560
	12,030,000,000	— 20,000,000

Distillers sees moderate improvement in full year

AT THE annual meeting of the Distillers Company shareholders were told that for the first half year the company was expected to comfortably exceed the profit attained in the very depressed comparable period last year.

Mr J. M. Connell, the chairman, said the outlook for the full year pointed to at least a moderate improvement over 1983-84.

He reminded the meeting that in his statement with the report and accounts he noted that there were grounds for believing the "worst was behind us" in some countries but that there were no indications of a significant improvement in a number of important markets for Scotch whisky which had been partially closed to the group.

Mr Connell said this remained the case and revealed that exports of the group's Scotch whisky and gin showed a small volume gain in the opening five months but that the effects of the dock strike were likely to adversely affect its September shipments.

For the year as a whole only a marginal increase in volume over the 1983-84 year was expected.

At the annual meeting of the MFI Furniture Group, Mr Arthur Southon, the retiring chairman, said trading had continued satisfactorily ahead of the previous year.

Magnet & Southerns shareholders were told that despite the problems surrounding the UK economy, the burdens of the introduction of VAT on home improvement work and high interest and mortgage rates most group divisions were "bouyant with sales and profits being well maintained."

At Unitech's AGM shareholders heard that the rate of increase in orders and sales for the first two months of the current year had been maintained in August.

Liverpool Post warns on second six months

THE Liverpool Daily Post and Echo pushed its interim profits up by some £1m but for the second half feels unable to rely on the immediate economic upsurge in the areas of North America where it operates.

Although steady progress is expected there together with continued growth in UK papermaking and packaging, rising newsprint prices and heavy short-term costs of essential restructuring in the Merseyside newspaper markets are expected to cut into the group's first half advance.

Pre-tax profits for the first six months of 1984 jumped from £2.3m to £3.29m and the interim dividend is being increased by 0.3p to 4.2p net per 50p share.

Turnover advanced from £32.59m to £36.39m—the group's activities include newspaper publishing in the UK, Canada and the U.S., papermaking and packaging.

Tax accounted for £1.47m (£1.12m)—the UK bill totalled £974,000 (£677,000).

Below the line sales of 65 per cent of the marketable shares in Reuters, allocated to the group on Reuters' flotation last May, produced a surplus of £1.65m which was credited to extraordinary items. In the comparable period of 1983 there were extraordinary debits of £1.91m.

Stated earnings per share improved from 10.5p to 16.3p.

The directors say that following intensive rationalisation over recent years and associated editorial and product changes, the half-year saw a positive gain in circulation for the Liverpool Echo and both Merseyside dailies benefited from classified advertising volumes at their best levels for three years.

The weeklies, however, with their traditional products facing a growing variety of low-cost, free distribution competitors, fared less well.

Intensifying competition for reduced local markets led to the conversion of the Wirral Weekly paid-for titles to a single, zoned newspaper, distributed free from early September.

As a further response, the company plans the launch of a free weekly community newspaper for Liverpool.

The development and initiation costs of both ventures will have an adverse impact on the results of UK newspaper publishing in the second half, some of which will be contained in extraordinary items in the full accounts.

MINING NEWS

Gencor revives KwaZulu anthracite mine plan

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S Trans-Natal Coal Corporation, part of the General Mining Union Corporation (Gencor) group, has announced plans to develop an anthracite mine in the tribal homeland of KwaZulu, northern Natal, at a cost of R86m (£43m).

The decision comes almost two years after political pressure forced Gencor's U.S. partner, Southern Sphere Holdings to abandon plans for what would have been the biggest investment by a U.S. company in South Africa in recent years. Southern Sphere is part of the General Electric group of the U.S.

Gencor and Southern Sphere announced in April 1982 that they had completed feasibility studies on a proposed R160m development of the anthracite deposit, at a rate of 1.5m tonnes a year.

But before a decision to go ahead could be taken, the state legislature in Connecticut, where GE has its headquarters, took steps to prevent the state pension fund from investing in companies with interests in South Africa.

Southern Sphere subsequently agreed to sell its prospecting rights to Gencor for R16m, payable in four equal annual instalments.

The decision was a bitter blow to KwaZulu's Chief Minister, Gatsha Buthelezi, who has constantly fought proposals by the anti-apartheid movement for an embargo on investment in South Africa.

Chief Buthelezi has argued that investment should be encouraged because it provides much-needed employment and access to economic power for black people.

Gencor said yesterday that the mine would be developed on a smaller scale than originally envisaged, although the lifespan would be longer.

The mine is expected to come into production during the last quarter of next year with an annual output of 875,000 tonnes of anthracite, of which 700,000 will be exported through the coal terminal at Richards Bay, on the nearby Natal coast.

The deposit, 48 kilometres north-east of the KwaZulu capital of Ulundi, will be exploited by underground mining methods, and is sufficiently large to support a mine with a life of 22 years.

The development will create about 600 jobs, Gencor added.

The group also announced yesterday that Trans-Natal's R78m fundraising had been successfully completed, with acceptances for 97.8 per cent of the issue of unsecured, subordinated, compulsorily convertible debentures. The remaining 2.2 per cent will be taken up by Gencor as underwriter.

Paringa bids for N. Flinders

AUSTRALIA'S Paringa Mining and Exploration plans to acquire North Flinders Mines, in which it already owns 3 per cent. Paringa has also announced plans for a rights issue to raise A$3.19m (£2.13m).

The offer for North Flinders is unconditional, and Paringa's target is sufficient acceptances to give it a total interest of 51 per cent.

The terms are two Paringa shares for each North Flinders share, which is in line with last night's London closing levels of 67p for Paringa and 135p for North Flinders. Moonie Oil, which together with a subsidiary owns 37 per cent of North Flinders, has indicated its intention to accept the offer.

Paringa said yesterday that the proposed acquisition would give it an interest in one of Australia's most promising gold prospects, known as the Granites, which North Flinders has been exploring in the Northern Territory.

The terms of Paringa's rights issue are one new share for every five held at 90 cents, plus one free option for conversion to a fully-paid share.

The options will be exercisable quarterly until June 15 1986.

The funds raised by the issue will be used to finance Paringa's share of the further exploration and development of the Hellyer zinc-silver-gold-lead-copper prospect in Tasmania, in which the company holds 10 per cent. The remaining interest is in the hands of Aberfoyle.

Moonie Oil and a subsidiary, which holds 24.37 per cent of Paringa, have said they will take up their rights.

MINING NEWS IN BRIEF

AUSTRALIA'S newest gold producer, the small Central Kalgoorlie Gold Mines, has poured its first two bars of gold and is now producing at a monthly rate of some 1,000 ounces from its open-pit operations on the country's Golden Mile at Kalgoorlie, Western Australia.

At current gold prices, the company expects to make net profits of A$1m (£673,000) in the remaining 10 months of the financial year, with A$1.5m in the next full year. The plant is expected to be doubled to at least 200,000 tonnes of ore a year, and has access to sufficient water to support a throughput of perhaps twice that rate.

Central Kalgoorlie plans to increase its exploration efforts in a bid to add to its present 369,000 tonnes of ore reserves at an average grade of around 4 grammes of gold per tonne.

* * *

Fluor Corporation of the U.S. has been named managing contractor for the first phase of the Jinging No. 2 coal project in China. Tht value of the contract has been estimated at US$2.5m (£2.03m).

Development costs of the mine are put at $300m, and production of around 4m tons a year is expected by 1990.

* * *

A gold mine which is expected to come into production in 1986 in the Bengkulu district of southern Sumatra could produce as much as 3,600 kilogrammes (116,000 oz) of gold in its first four years of operation, according to the official Indonesian news agency Antara.

The mine is expected to produce 50,000 tonnes of ore a year for the first two years of its life, rising to 100,000 tonnes for the succeeding two years. The average grade of the deposit is around 12 grammes of ore per tonne, the agency said.

The mine, a former producer, was rebuilt by P. T. Lebong Tandai in 1980, at a total cost of Rupiahs 10bn (£7.4m). The company is expected to sign an operating contract with an Australian group.

UK COMPANY NEWS

BIDS AND DEALS

New venture capital company

Capel-Cure Myers and Mr Gordon D. Dean have formed a new venture capital company to be called Transatlantic Capital.

Mr Gordon Dean was, for the last three years, managing director of Electra Risk Capital, a subsidiary of Electra Investment Trust.

C-C. M. say that this move demonstrates the commitment with its partner to corporate venturing.

The move will extend still further the range of service offered by C-C M in corporate financing, particularly for small and growing companies, and utilise the abilities and experience of Gordon Dean in venture capital.

Transatlantic Capital intends shortly to launch a venture capital fund specialising in a specific sector

Lep steps up its stake in Nat. Guardian

The Lep Group has increased its interest in the National Guardian Corporation by exercising the option entered into when its original investment was made in April of this year.

It has acquired an additional 539,572 new common shares, making a cash cost of $6.21m (£4.67m). The cash was provided from Lep's existing bank facilities and it now owns 48.5 per cent of National Guardian's common shares.

This percentage will reduce as and when options and warrants are exercised and also when the convertible preference stock is converted into common shares.

Tate gets further 0.09% Brooke Bond acceptance

BY RAY MAUGHAN

DESPITE THE presence of a substantially better counter-offer from Unilever and an even higher price available in the market, some holders of Brooke Bond shares have accepted the cash and equity terms from Tate & Lyle in the last few weeks.

The sugar refinery group disclosed at the end of August that its bid, then worth 104p per share, now the equivalent of 105p, had been accepted by holders of 0.57 per cent of Brooke Bond's equity. In the meantime Unilever, one of the world's largest food manufacturing groups, entered its own 114p per share offer — equally vigorously contested by Brooke Bond—which reaches its first closing date on October 2.

Tate & Lyle extended its offer by three weeks and, at the end of that interval yesterday, disclosed that it had received further acceptances although the total haul is still tiny and now stands at 0.66 per cent.

The sugar refiner is extending again, this time until October 11 by which time it should discover whether Unilever is to face a Monopolies Commission investigation.

The Brooke Bond price has occasionally been within Unilever's range enabling the counter-bidder to lift its holding to 6.1 per cent. The shares were just out of reach yesterday at 115p which suggests that the market accepts the chance that Brooke Bond's 1984-85 profits forecast will be sufficient to force Unilever to improve and amend its cash only terms.

Wm Low's hands off warning

BY RAY MAUGHAN

THE £25m agreed bid by Argyll Group for Amos Hinton went unconditional yesterday with 95.77 per cent acceptances as and William Low, one of the other regional supermarket chains tipped widely to fall to the acquisitive needs of the major chains, issued a stern hands off warning to would-be predators.

Mr James Millar, managing director of the Dundee-based supermarkets group, said that "in the interests of shareholders, customers and staff, the board of William Low intends to maintain its independence."

Rebutting suggestions that further takeovers of regional supermarket chains are inevitable, Mr Millar said that Low's board "wishes to make it clear that this is far from being so in the case of Wm Low."

The group, he added, "has a highly successful record as an independent supermarket group, it is achieving profit margins in excess of those of most larger supermarket groups and is comfortably able to finanace the active programme of new store development which it has over the next few years. Future prospects for Wm Low as an independent company are excellent."

The effect of such optimism was, conversely, enough to take a little of the bid speculation out of Low's share price. The shares had reached a 1984 peak of 488p in midweek but the shares came back 3p yesterday.

The success of Argyll's offer, worth 427p against Hinton's closing share price of 423p, coupled with Dee Corporation's offer for Lennons has fuelled speculation that the other regional quoted supermarket groups must eventually receive offers.

Mr James Gulliver, chairman of Argyll, helped stimulate such anticipation by telling shareholders on Wednesday that the acquisition of complementary retail chains remained an integral part of the group's corporate philosophy. However, he warned that "the growing concentration of the UK food retail industry will make the oppotunity for similar acquisitions increasingly difficult."

BIDS AND DEALS IN BRIEF

Erskine House has acquired Chevron Security Organisation, a company specialising in static and mobile guarding services, for up to £75,000 in cash. £50,000 is payable on completion and a maximum of £25,000 one year later.

Erskine has also paid the vendors of recently acquired Telesurveillance £250,000 under terms of the acquisition agreement. Basic consideration was £1m with further payments of up to £1m payable subject to Telesurveillance's profits in the years 1984-1985.

* * *

East Midland Allied Press has received acceptances in respect of 96 per cent of Maclaren Publishers ordinary and 52.3 per cent of its preference shares.

* * *

Norton Opax has agreed to acquire Consolidated Medias for £500,000 in shares, completion to take place on October 30.

Consolidated has been trading since November 1 1983 and provides promotional services to the theatre and leisure industries. Pre-tax profits for the October 31 1984 year are forceast at £68,000 on turnover of £233,000. Net tangible assets are negligible.

* * *

The Kuwait Investment Office, has notified the Board of Great Western Resources Inc. that it now holds an interest in 1,628,180 Common Stock of Great Western. This is equivalent to 8.14 per cent of Great Western's issued equity capital.

The last notification from the Kuwait Investment Office revealed that it held 1,403,180 shares, equivalent to 7.02 per cent of Great Western's equity.

Brown, Shipley and Company made an Offer for Sale of 5m shares in Great Western at a price of 160 pence a share at the end of July. Dealings commenced in the shares on 10th August 1984.

* * *

Booker McConnell has increased its share from 28 per cent to 35 per cent of leading U.S. vitamin company, P. Leiner Nutritional Products.

Booker has owned 28 per cent of the company since it assisted in a management buy-out in 1979. By purchasing 270,000 shares for a total consideration of $2.77m at the underwritten share price of $10.25, Booker has increased its shareholding to just over 35 per cent. The Public Offering price gives a current value to Booker McConnell's share of P. Leiner of $13m, which it has secured for a total cost, including its original investment, of just over $3.5m.

COMPANY NEWS IN BRIEF

Available profits of the Westpool Investment Trust improved from £1.22m to £1.36m in the year to April 30 1984, after tax of £506,000, against £623,000. Gross income totalled £2.62m, compared with £2.04m.

Earnings emerged at 1.38p (1.24p) basic and at 1.18p (1.06p) fully diluted and a final dividend of 1.036p (0.894p) lifts the net total from 1.238p to 1.38p per 25p share.

More briefs on Page 24

Lyon and Lyon, Ford main dealer, vehicle repairer, and shipbuilder pushed profits up from £144,000 to £160,000 before tax over the six months to June 30 1984 on lower turnover of £5.42m compared with £6.13m.

The Ford dealership has continued to increase service and parts sales activities, but these have been offset by a reduced return on lower vehicle sales.

Lyon Leasing & Finance has expanded although profitability has been curtailed by a weak used vehicle market.

The interim dividend is unchanged at 1.5p with earnings per share shown as 3.03p (2.25p). Tax took £58,000 (£67,000).

* * *

Russell Brothers (Paddington), the shopfitting, specialist joireny and exhibition contractor, made higher pre-tax losses of £188,000 in the year to February 29, 1984, against £19,000 last time, on turnover up from £1.42m to £2.01m.

This year's loss however, was struck after an exceptional debit of £147,000. Tax charge was £4,000 (£5,000) making a net deficit of £191,000, against £24,000. There was also an extraordinary loss this time of £36,000.

Deficit per 25p share was up from 3.35p to 22.02p and the net dvidend on increased capital is 0.625p (adjusted 1.25p).

* * *

G. W. Sparrow and Sons' 12 per cent unsecured loan stock 1990-95 was made ex-dividend on September 9, 1984. However, the dividend due on September 30 will not be paid because of the compulsory conversion of that security by the company.

* * *

Improved operating efficiency led to a £50,000 improvement to £214,000 in first-half taxable profits at Miles 33, a USM stock engaged in computer system supplies.

Turnover for the period to August 31, 1984 rose from £1.5m to £1.64m. Profits were subject to tax of £64,000 (£23,000), after which stated earnings per 10p share increased 0.4p to 7.1p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Dinkie Heel, International Investment Trust of Jersey, J S D Computer, Liberty, Macdonald Martin Distilleries, Rorown Inc., Southampton Isle of Wight and South of England Royal Mail Steam Packet, Watts Blake Bearne

Finals: News International, Northern Industrial Improvement Trust, S. W. Wood.

FUTURE DATES

Interims—	
Cussins Property	Sept 25
Estates and General Invests	Sept 25
Finlay Packaging	Sept 25
IDC	Sept 25
Lorin Electronics	Sept 25
Platignum	Sept 26
Sindall (William)	Sept 27
Stockley	Sept 25
Toye	Sept 28
Finals—	
Adwest	Sept 27
Dunton	Sept 25
Fit	Oct 1
Samuelson	Sept 25

COLD STORAGE HOLDINGS PLC

INTERIM STATEMENT

The Directors announce the unaudited results for the six months to 31st July 1984.

		The Group			The Company		
		1984 S$'000	1983 S$'000	Increase/ (Decrease) %	1984 S$'000	1983 S$'000	Increase/ (Decrease) %
1. A	Turnover	395,105	366,684	7.8	—	—	—
B	Investment and other income	34	.15	126.7	5,032	7,671	(34.4)
2. A	Operating profit before minority interests and extraordinary items	8,707	10,634	(18.1)	6,942	9,498	(26.9)
	Development profit	2,500	5,000	(50.0)	—	—	—
B	Income derived from associated companies	(487)	936	(152.0)	—	—	—
		10,720	16,570	(35.3)	6,948	9,498	(26.9)
C	Taxation	4,901	6,771	(12.6)	2,478	3,432	(27.8)
D	Profit after tax, before minority interests and extraordinary items	5,819	9,799	(40.6)	4,464	6,066	(26.4)
Dii	Minority interests	7,782	1,755	(1.5)	—	—	—
E	Profit before extraordinary items	4,037	8,044	(49.8)	4,464	6,066	(26.4)
F	Extraordinary items (see Note III)	(1,404)	1,348	(204.2)	(1,428)	(1,191)	(19.9)
G	Profit attributable to members of the Company	2,633	9,392	72.0)	3,036	4,875	(37.7)
Notes							
I	Interest income	—	—	—	1,406	1,298	8.3
	Interest expense	2,517	788	(219.4)	—	—	—
II	Depreciation	7,013	5,685	(23.4)	—	—	—
III	Extraordinary items	(1,374)	1,381		(1,428)	(1,191)	
	Less minority interests	(30)	(33)				
	Extraordinary items attributable to members	(1,404)	1,348		(1,428)	(1,191)	

3. Trading conditions in Singapore are increasingly competitive and the Group's investments in Australia face continuing difficulties.
   Our associate company in Australia, Safcol, has experienced particularly difficult circumstances in the fishing industry as a consequence of which a substantial loss on trading was incurred.
   Foreign exchange losses on Australian dollar loans accounted for the extraordinary loss of a property.
4. Earnings per stock unit 3.2c 6.5c
5. The tax charges for the Group and Company do not contain any material adjustments for over or under provisions in respect of previous years.
6. There were no pre-acquisition profits.
7. The extraordinary items above (2F) include:—

Profit on sale of investments	36	79	6	18
Profit on sale of properties	(55)	2,479	—	—

8. There has been no changes in the issued share capital since the last dividend was paid.
9. Trading conditions in the second half-year are not expected to improve.
10. DIVIDEND
    NOTICE IS HEREBY GIVEN that the Directors have declared, in respect of the year ending 31st January 1985 and payable on 12th December 1984 to Stockholders on the Register at that time, an Interim Dividend of Singapore 5c per share less Singapore income tax (previous year Singapore 5c).
    NOTICE IS ALSO GIVEN that the Register of Members of the Company will be closed from 3rd December 1984 to 12th December 1984, both dates inclusive, for the preparation of dividend warrants.

Singapore *7th September, 1984*

By Order of the Board
J. D. RAJ, Secretary

Cold Storage Holdings P.L.C.

Telemetrix £0.7m below forecast

Telemetrix, the Tewkesbury-based manufacturer of electronic equipment, raised pre-tax profits from £1.56 to £2.51m for the 53 weeks to July 6, 1984. But as forewarned in May, the result failed to reach the level predicted last September at the time of the offer for sale.

The board then forecast taxable profits of not less than £3.2m, on a turnover of £12.1m for the year. In the event, turnover was also off target at £10.25m, albeit higher than the previous year's £5.55m.

However, a final dividend of 0.9p per share makes the predicted total of 1.4p net for the year. Earnings per 5p share are stated up from 4.5p to 7.9p.

Mr Roy Cole, the chairman reports that in the last year, Telemetrix has maintained its lead and has developed home and export markets to create a solid base for future growth. The current year is expected to be another year of substantial growth in the prime sector of graphics displays and in the other related areas of information technology. "The directors look to the future with great confidence."

Commenting on the reasons for the shortfall on forecast, Mr Cole, states that the interim results showed the company was on course, with profits of £919,000, more than double those of the same period last year.

However, components delays meant that a high proportion of sales and profits was expected in the final quarter. Accordingly, the new production capacity due on stream for that period became critical, but the financial collapse of the company's building contractor at a crucial time left the new factory unfinished.

Despite the short-term actions that were taken, output remained seriously affected during the remainder of the year. The unplanned move into new leased accommodation to provide a duplicate production line required an unusual amount of overtime to be worked at considerable extra cost.

In a year of rapid growth in home and export markets, performance has been restricted by external problems of component supply and production capacity. Component supply is still an area of difficulty shared by all companies in the group's sector. But Telemetrix is continuing to develop alternative sources and is currently negotiating a contract with an additional custom chip manufacturer to safeguard production for 1985.

Although demand for Telemetrix products remains buoyant, production capacity in the short term will continue to be a limiting factor in the growth of the group, the chairman states. However, great efforts are being made to ensure that this will be resolved when a further new manufacturing facility, now being built, comes on stream early in the third quarter of the current year.

The group's established Westward business, in particular the new 3200 series of high performance graphics workstations, has excellent prospects, Mr Cole says. Other subsidiaries are developing products that are being well received and will provide continuing growth over a broader field of activity. At present, the order book throughout the group is at a very healthy level, with its service companies making a growing contribution to group business.

During the last year Telemetrix increased its research and development expenditure by nearly 75 per cent. The group's core technology, the processing and control of high frequency analogue and digital signals, continues to be an exciting field providing a steady platform for a variety of commercial innovations some of which are currently under development, the chairman reports.

Tax charge for the full period rose sharply from £0.55m to £1.03m making a net balance of £1.49m, against £1.01m. After minority credits of £22,000 (£262,000 debits) and extraordinary charges of £94,000 (£10,000) for goodwill on consolidation written off and £425,000 (nil) for deferred tax relating to prior years, net attributable profits were £255,000 higher at £990,000. Dividends absorb £99,000 (nil).

● comment

Thanks to the company's timely warning, the market knew that Telemetrix would fall short of its £3.2m pre-tax profit forecast. The £2.5m result was enough to send the shares up 7p to close at 318p, a premium above the offer price which reflects how little of the market's confidence has been lost. On balance this faith seems justified. Admittedly, the production problems have not disappeared and will continue to limit output at least until early 1985 when a new factory will come on stream. Even then, it is likely that Telemetrix will continue to suffer from the supply shortages which dog the industry. However, the group's major products, display screens for computer-aided design, so far have only one chief rival in the market — the U.S. company Tektronix. Telemetrix's customers are prepared to wait up to six months for delivery and many are still buying versions which are two or three years old — a measure of the company's technological lead. The company might face difficulties if a major computer maker moved into its particular niche, but there is little sign of imminent danger from this direction particularly when the exchange rate hampers U.S. manufacturers. Moreover, Telemetrix does have other products on the way, notably in videotext, medical equipment and business graphics. The group's technological edge justifies its high multiple — over 20 on full tax in the current year and a 40 per cent tax charge.

Mucklow edges ahead and sees further modest rise

SLIGHTLY HIGHER taxable profits of £4.92m, against £4.84m, were earned by A. and J. *Mucklow Group*, engaged in property rental and estate development, for the year to June 30 1984 and the directors anticipate a further modest increase for the current year.

Gross property rental amounted to £6.63m, compared with £6.44m, and turnover from trading activities rose from £3.26m to £5.99m.

The company is proposing a lift in the final dividend to 2.625p (2.4p) to make a higher total payout at 4.725p (4.5p). Stated earnings per share eased back by 0.28p to 6.8p after a £215,000 increase in the tax charge to £1.48m.

During the year 80,000 sq ft of new factory buildings came on rental. At the year end the portfolio of developed industrial property totalled 4.8m sq ft of which 450,000 sq ft was vacant.

In addition, at that date some 300,000 sq ft of new factory buildings were either under construction or completed, of which 50,000 sq ft had been reserved by future tenants.

The level of activity in the property investment division increased throughout the year and the level of re-lettings was approximately double that of 1982-83.

Freeholds of certain trading estates, which were previously held on long leases, were acquired during the year at a capital cost of £2.4m.

COMPANY NEWS IN BRIEF

Pre-tax profits surged from £273,000 to £961,000, at **Manson Finance Trust** for the year ended June 30 1984. Earnings per 20p share were shown up 1.5p at 2.6p.

A higher £323,000 tax charge, compared with £54,000 for 1983, arose principally from changes in the Corporation Tax System introduced in the *1984 Finance* Act. These changes also made it necessary to increase the level of provisions for taxation deferred in respect of prior years by an extraordinary charge of £165,000.

The group has been able to meet the additional taxation charges brought about by the Finance Act entirely from the current year's profits, and, after minority interests of £5,000 (£2,000), profit available for distribution *stood at an increased* £468,000 (£217,000).

The board is recommending a same-again final dividend of 0.5p, making a total distribution of 1p, the same as last year, but on share capital increased by a one-for-two rights issue during the year, thus maintaining the group's conservative policy in relation to earnings distribution.

* * *

Cakebread Robey, Enfield-based builder and timber merchant, returned lower taxable profits £334,924, against £354,371, for the first six months of 1984 on higher turnover of £9.67m compared with £9.14m.

After lower tax payable of £159,000 (£157,000), earnings per share are shown a little higher at 2.9p (2.8p). The interim dividend is unchanged at 0.8p.

* * *

Ben Bailey Construction raised pre-tax profits by £141,000 to £449,000 for the year to June 30 1984, *although second-half figures* were slightly lower at £198,000, against £214,000 last time. Full year turnover of this housebuilder and estate developer was up from £6.2m to £7.34m.

After tax £2,000 higher at £79,000, earnings per 10p share climbed from 4.42p to 7.08p. The total dividend is up by 0.6p to 1.8p net, with a final of 1p.

* * *

Net asset value per 25p share of **"Investing in Success" Equities**, an investment trust, amounted to 508p on July 31 1984 compared with 591.8p at the end of January.

Gross revenue for the six month period totalled £708,479, against £676,982, and pre-tax profits, after interest and expenses, came out at *£416,096 (£341,987)*. Tax took £175,165 (£145,351).

As already known the interim dividend was held at 1.26p—last year's final payment was 4.06p.

* * *

On turnover up from £10.31m *to £18.95m, taxable profits of* **Chambers & Fargus**, seed crusher, edible oil refiner and processor, slipped from £102,000 to £96,000 for the year ended June 30 1984. The dividend, however, is increased from 0.75p to 1p net *per 5p share* with a final of 0.5p.

After tax of £22,000 (£10,000) earnings per share were 2.06p against 2.56p.

* * *

Reduced pre-tax losses of *£188,072 against £281,157 have* been shown by **Excalibur Jewellery** for the year to the end of April 1984. Turnover of this Birmingham-based maker of watches and jewellery moved up from £4.23m to £4.83m.

The single dividend for the year has been held at 0.05p net. Losses per 5p share are shown as 1.4p (2.32p). There was a tax credit this time of £19,230 (charge £15,034).

At the last year end the directors said that significantly higher level of sales together *with lower costs make them more* optimistic of seeing more satisfactory results.

* * *

Pre-tax profits as **Banro Industries** moved up from £101,055 to £201,186 for the first half of 1984. Turnover of this group which makes framed windows and sunroofs increased from £12.78m to £13.64m.

The net interim dividend has been held at 0.575p—in the last full year a total of 3.3p was paid from pre-tax profits of £512,590. Earnings per 20p share are shown as rising from 0.8p to 1.8p.

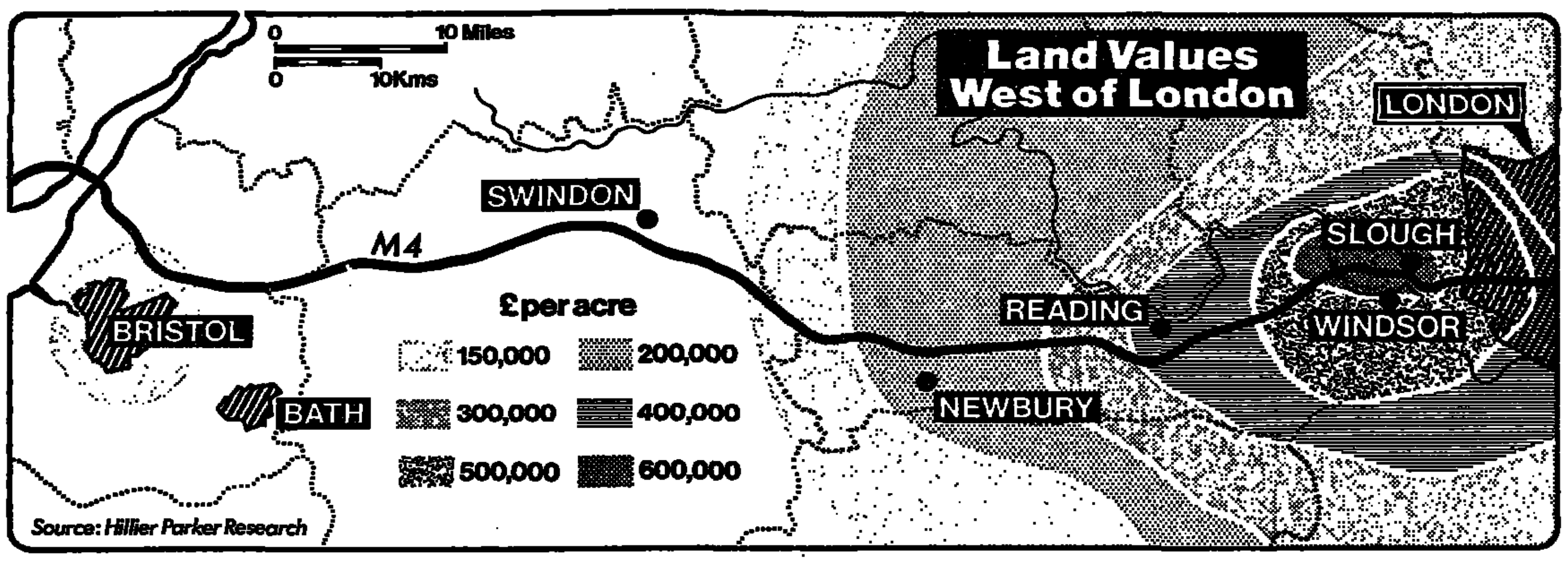
On future prospects Mr Edward Rose, chairman, says that the markets in which the group operates remain highly competitive and somewhat uncertain. He says it would be unwise to be over optimistic about the outcome for the year as a whole.

FINANCIAL TIMES SURVEY

Friday September 21 1984

Property along the M4

Some rents being asked, to make developments viable, are near the limits the market can stand. Uncertainty remains about the extent to which new high tech premises affect land values, and whether a separate market exists.



Source: Hillier Parker Research

CONTENTS

Seeking right band for rents

THE MAJOR issue in M4 property this year is whether developments are dictating land prices, or vice versa. The trade is abuzz with talk of high tech, business parks, campus sites, mixed industrial/office use—anything, it seems, to get the office content and rents into a band somewhere between industrial and office levels.

There have been signal successes in high-tech—Dorcan I and Kembury Park at Swindon, Dorcan II in Slough—but there is an argument about how much demand exists for what might simply be a sub-sector of the industrial market. The argument came to a recent head with reports that Guardian Royal Exchange had paid £1.38m an acre for a 1.99 acre site in Bath Road, Slough.

Reports suggested that a proposed development there was being funded on a 6¼ per cent yield basis against the 7.85 per cent seen on Beacontree Estates' disposal of its Poyle Aero Centre near the M25/M4 intersection. There are those in the industry who believe that figures like these do not make commercial sense; GRE is reported to have denied that it paid as much.

London stockbrokers Scrimgeour, Kemp-Gee, working on a figure of £1m plus for the GRE deal, say: "We estimate that a rent for this development would have to breach £8 per sq ft to be viable." Even if one assumes a suitably "high tech" property is constructed and let by GRE, this does not automatically increase the value of all land in Slough.

In fact, they say, "the development is likely to highlight the inadequacy of much of the existing, older office and industrial stock, especially as there is by no means an unlimited supply of high tech tenants to pay such fairy tale rents."

In a paper presented early in September,* Michael Breheny and Ronald McQuaid of the University of Reading investigate the high tech phenomenon and reach some conclusions of their own. "Western Corridors and Silicon Glens are popular conceptions in the property press," they say, "but few efforts have been made to identify concentrations of high technology industry in a rigorous way."

Breheny and McQuaid say that the core of high technology in Britain is at the London end of the M4 corridor, in Berkshire and Hampshire. Indeed, Mr Breheny reckons that there is less of a "corridor" involved in high tech than a crescent to the west of London taking in Hertfordshire ("*doing quite nicely, nobody making much of a fuss*"), Berkshire, Surrey and North Hampshire.

"Bracknell has the lion's share of the jobs, with the much-vaunted Newbury having the lowest level amongst the districts," they say. "Bracknell has by far the largest proportion of its surveyed employment in high technology industries."

The paper carries a potential sting in the discussion of the defence industry's commitment to the M4 area and Defence Secretary Michael Heseltine's promise, earlier this year, to make the whole contracting system more competitive.

"It is interesting to speculate," say Brehemy and McQuaid "upon the possible geographical changes that might erise from the increasing cost-consciousness that ought to result from the proposals. An interesting feature of our discussion with companies in the M4 area is that they are generally unconcerned about the high rent and rate levels that they have to bear in the area: consequently alternative locations with assisted area status have no advantages."

It may be, they say, "that this attitude prevails because it has been easy in the past to pass on the higher location costs to the MoD, directly in the case of prime contractors and indirectly in the case of subcontractors. In the future such companies may be more conscious of costs, including locational ones, and may begin to look more kindly upon alternative, cheaper locations."

The authors, however, are not intoxicated with these possibilities. "In the case of M4-Corridor companies," they conclude, "it is likely that this new disadvantage will be more than offset by the continued advantage of ready access to government research establishments and military bases that they seem to value so highly."

So where have we got to? It seems that there is a strong high tech presence on the M4, but really in Berkshire and to the north and south of it, a tendency that the completion of London's M25 orbital motorway in 1986 would seem likely to strengthen.

What about Swindon, and its Dorcan I and Kembury Park? Breheny and McQuaid keep an open mind—wedged open by their knowledge that official statistics are basically three years old and that a lot has happened since.

This survey written by William Cochrane

On the statistics, they say: "Further west, Wiltshire and Avon, which are popularly believed to feature strongly in the M4 phenomenon, show no particular advantage. Indeed, Wiltshire shows one of the highest rates of decline in high technology employment."

But on further research, they add: "A drive round Swindon, which seems to be a hive of industrial activity, makes this last point difficult to believe. Possibly some analysis of post-1981 change will be revealing."

Rodney Pollard, who directs property investment policy for Royal London Mutual, a pioneer in property development and the progenitor of Dorcan's I and II, has things to say about most of this.

On the GRE deal: "I certainly wouldn't go in for over £1m an acre," he says. With the first two Dorcans up, well let at over £8 a foot and established as a product, he is going in for a third at Westlea Down, again at Swindon.

"We try to keep a small landbank for possibilities like this," he says. "We bought the land at Westlea Down two years ago for just over £500,000 (2.65 acres of it) and we are aiming to put about 53,000 sq ft on it with improvements to the Dorcan formula."

But "we are still talking about a present value of £175,000 an acre for that land. We wouldn't go near £300,000," he says, acknowledging the Hillier Parker view (q.v) that high tech use doubles industrial land values.

Limit

On high tech, and hybrid developments: "I believe quite firmly that we are at the very early stages of a new type of property — which will *not* come as a wholesale replacement for traditional types." He thinks that there is a pretty tight limit in Swindon to the amount of space that will be required for this genre, and that Westlea Down will fill the fund's requirements in that area.

Nick Owen, senior partner of Herring Son and Daw, the only London chartered surveyors represented in Reading since they moved in during the early summer of this year, is similarly cautious about mixed use. "Everybody is talking about it, nearly everybody seems to be doing it now, but I question whether some of them are doing it in the right places."

"It is no good sticking a so-called high tech building on the corner of an industrial estate which hasn't been let," he observes. "But I should also say that we have sizeable instructions on this sort of property with a 40 to 50 per cent office content, and as yet it has not been easy to fill these requirements."

* The Genesis of Hhig Technology Industry in the M4 Corridor: A Preliminary View. Paper by Michael Breheny and Ronald McQuaid of the University of Reading, presented at the 16th annual conference of the British Section of the Regional Science Association, University of Kent at Canterbury, September 5-7, 1984.

Lament of profession in the middle

The planners

MELANCHOLY people should *avoid local authority planning* jobs. They might end up feeling even more sorry for themselves.

Planners are described as helpful or obstructive, knowledgeable or plain stupid. There are better epithets, there have been worse slung about at both ends of the M4 in the past year. Nobody loves the referee.

Stuart Hylton, who takes his stand for Reading Borough Council (anonymous quote: "Berkshire County Council seem to be spending most of their traffic budget on sorting out Reading's traffic problems," dealt with elsewhere in this survey) is not above slinging the odd epithet himself.

"If you want to look for a delaying factor in planning processes, then central government is a good candidate," he says. "They are exhorting planning authorities to take decisions more quickly, and taking an incredible time themselves to decide on appeals."

Central government's function is planning to send out guidance circulars to local authorities at one end of the time scale, and act as final arbiters in the appeal process at the other. Guidance circulars sound remarkably like an order in some cases, says Mr Hylton.

Diktat

If a given council does not respond, say, to a diktat introducing more onerous requirements on local authorities to make more land available for housing development, the provision can be made on an ad hoc basis through appeals.

Between government and borough is the county authority, in this case Berkshire, which deals with strategy. The country council has been drawing up a new structure plan for *the whole county to replace* three current, and separate plans for west, central and east Berkshire, which themselves were drawn up in the late 1970s.

The new plan proposes that most new development be steered towards two broad "Areas of Opportunity": Newbury and Thatcham, to the west and Reading, Woking, Winnersh and Bracknell to the east. For Reading, it proposes what it describes as "major developments, *additional to those already planned*" of 200 acres of industry/warehousing on the south side of the town and 1.1m sq ft of offices in the borough.

The Reading Borough planning officer's June 1984 review of the new structure plan takes the office allocation apart, in metric terms: "Of this 100,000 square metres, outstanding commitments (in terms of planning consents and the provisions of the Central Reading District Plan) already amount to 97,118 metres(about 1.04 sq ft) leaving a balance of just 2,882 square metres (about 31,000 sq ft) to cover any schemes allowed on appeal, any sites it is felt necessary to include as a result of the Inspector's report into the District Plan and non-major schemes throughout the Borough, for the period between now and 1966!"

A November 1983 paper sets out fairly recent history: "The start of the (previous) Structure Plan accounting period—1976 — roughly corresponded with the start of a period of intense pressure for office development in Central Reading.

"The half-way point in the accounting period was reached in June, 1981 and, given steady growth, the amount of floorspace approved in Central Reading over tat period should have been in the region of 70,000 sq metres (that is, half the 140,000 sq metres allowed for up to 1986).

The paper continues: "In fact, as the County Planning *Officer reported* later that year, permissions in Central Reading over that period were running some 43 per cent ahead of the guidelines. Elsewhere in Central Berkshire, the guideline had also been substan*tially exceeded*, by 27 per cent.

Some allowance has to be made for the normal fluctuations of the office market but, far from abating, they increased to a level which is probably unparalleled in any *town of Readin's size* in the country."

Against this background, the scene of constraint becomes easier to understand. "We are not permanently in conflict with other activities," says Stuart Hylton. "We are only forced into a defensive role in the sense that development pressures have far outstripped the land available for them. There are so many good office sites in the Reading area that I *could* find space for another *or four million square feet.*"

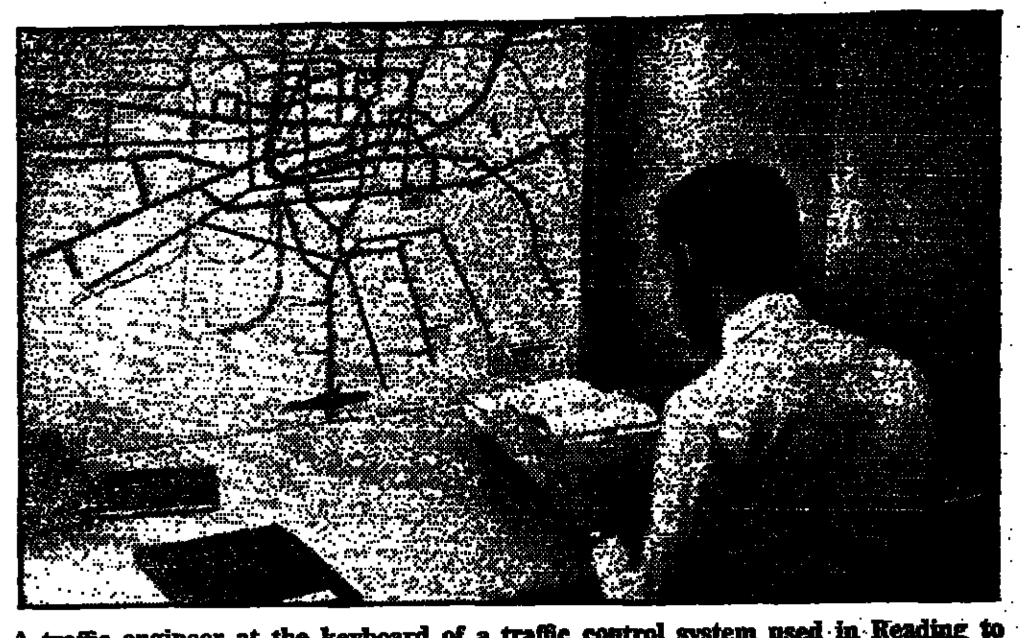
Reading planners are sometimes unpopular because of their esistance to peripheral office locations. Mr Hlyton states his case:

Intensive

"The local planning authority has to turn government and county decisions into site-specific proposals," he says. "Office development is the most intensive form of land use and we tend to concentrate that where it is best served by local transport, as well as roads.

"The other attraction of putting industry south of the town is immediate access to the motorway, instead of having heavy vehicles coming into town with all the rest of the traffic.

"People talk about Reading being a restrictive planning authority," he says. "In fact, growth has been much greater than even our expansionist policies are prepared to cater for."



A traffic engineer at the keyboard of a traffic control system used in Reading to programme traffic signals and obtain the best use of the road network

Glad of good roads

Bracknell

NOWADAYS it is hard to associate new town status, with its drive for population and employment, with the booming Western Corridor; but things were different in June 1949 when Bracknell, east of Reading, was designated as a new town and centred on a village which had a population of 5,000.

Bill Grose, chief planning officer of Bracknell District Council, takes up the story: "One of the things that the Development Corporation did, as well as developing their houses, industry and all the rest, was to make sure that Bracknell had a good road system.

"In fact, right up to the very end of their existence in early 1982 they were still completing various road schemes which they had had in the pipeline for some years. And I think it's true to say that the road system is very good."

Jim Sheridan, senior industrial surveyor at Debenham Tewson and Chinnocks, puts forward the commercial view: "Bracknell is in the centre of the Thames Corridor in terms of communications. Its communications are better than those of Reading or Basingstoke.

"It has a very good, established base of industries but, as an industrial surveyor, I deal all over the country. There are very few areas which compare with Bracknell in terms of dynamic feel."

Policy

Bracknell planners seem to get more bouquets than brickbats, but that does not mean that they are a soft option. Keith Lamey, deputy chief planning officer, points out: "Even the New Town put restrictions on industrials, when employment was growing faster than it could build the houses.

"Over the years we have certainly had a restrictive policy over office development—at one stage we put in a local user policy to slow that down—and to a much lesser extent on the industrial side.

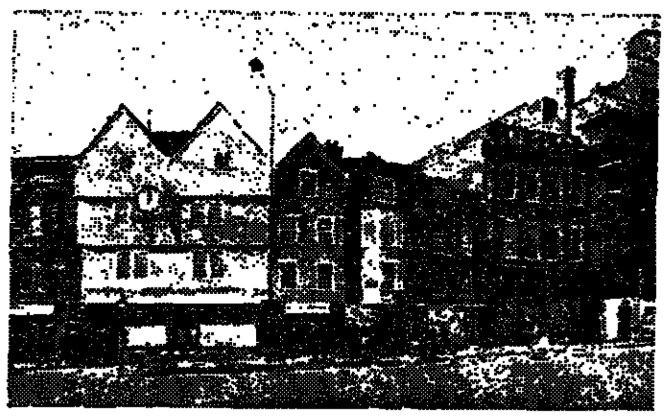
"The town is on the fringes of the Green Belt, and getting towards its optimum size," he says. A few years ago the Environment Secretary gave Central Berkshire 3,000 houses to find on top of the original structure plan application. "We're not really going to take much more than that," Mr Lamey says.

There is a sense of firmness about industrial policy, too. Berkshire's new structure plan said that Bracknell should have about 100 acres of industrial land on the west side of the town, and the planners are endeavouring to accommodate it.

However, although the Carroll Group has chosen the west side of town to submit an application for 1m sq ft of industrial floor space, Mr Lamey is not in favour of this. "They have made their application in a countryside area," he says. "It's too much, and it's in the wrong place."

The population of Bracknell District increased from 64,135 to 81,225 between 1971 and 1981 and will be nearly 87,700 by 1986. The 1991 population is projected at about 92,500.

Shopping centre with a difference



St Augustine's Court, Bristol. This shops and office scheme, in a conservation area, is the first phase of a large-scale development to rejuvenate a rundown part of the city centre.

Bath

COMMERCIALLY Bath has, very exciting city centre shopping and the political powers that be are concerned to keep it that way, against a background of high rents for a town with an 80,000 population.

Robin Buchanan, chairman of the land and buildings committee of Bath City Council, notes that there is some degree of control in that the council are landlords of about 40 per cent of the city centre.

"We have very good class, different shopping — not like that in any other city centre," he says. "Hamley's (known for their toy shop in Regent Street in London's West End) have just bought a lease in the centre with a view to launching their first out of London retail store. That is very significant to me."

The noted refurbishment specialists, Haslemere Estates, have taken their talents to the old Plummer Roddis building in New Bond Street, with Bristol-based agents Hartnell, Taylor Cooke, and have secured Laura Ashley and Habitat as prime tenants. According to *Mr Buchanan the same team* is on the brink of doing another development in Broad Street.

The city's prime shopping, commanding some "A" rents of £55 per sq ft, is in traditional Georgian buildings immediately around the Roman baths. Bath gets 800,000 people a year through the baths, says Mr Buchanan —"which puts them second in the historical monument league to the Tower of London."

The council's nervousness about keeping shopping where it stems from the developers' tendency to need "x feet of space to make it work." In a sense, it seems that they are trying to develop space, rather than shops.

That means that the quality of the tenant might be a secondary consideration, against his ability to pay the rent. "There is a danger of us getting mediocre shopping in the town; but traders have to be successful if rents are to keep going in the right direction," says Mr Buchanan.

Mr Buchanan knows of three or four potential developments in and around the city centre, all of which include 20,000 to 40,000 sq ft of shopping and all of which are funded by the shopping element. "It is a struggle to phase this, to keep the pace right," he says.

"You can build a whole row of office blocks and they can sit empty — it doesn't matter," says Mr Buchanan. "With shops, unless they are all lively, you have a problem on your hands."

Even as landlord, the City Council cannot go about blithely refusing tenants because they happen to be the wrong people in the "right" area. One would expect that developers would try to play the council's game, think *ahead to their next planning* application. Mr Buchanan thinks not. "They have very short memories," he says.

"What we do have is a lot of lists of people who want into the town, and a lot of knowledge. We have 20 serious applicants for a small shop in Milton Street and unless there is good reason, we will take the highest rent on offer." With luck, one supposes, it will take a good and *successful retailer to pay the* freight.

Part of Mr Buchanan's knowledge, incidentally, stems from his own experience, when he was involved with currency exchange bureaux. "I was in the Guiness Book of Records for paying the highest rent ever," he says, "£24,000 a year in Piccadilly for a space the size of a desk."

Cost-conscious spirit of 1980s

Retail premises

RETAIL DEVELOPMENT is something of a back number along the M4 — not as far back as it is, say, in the City of London but certainly a low priority. It is hard to avoid the impression that shoppers *are seen as bothersome civilians* in an area of overloaded infrastructure, where the real war is between conventional office and industrial space, and the mixed use a mutant.

But however low the key, things are *still happening.* Early in August, Trevor Saunders, a partner in Rogers Chapman who specialise in Heathrow and its environs, was saying there was virtually nothing of the late 20th century "*shopping experience*" *around* the eastern end of the M4.

By the middle of that month the Prudential Assurance Company had announced a £5m refurbishment scheme aimed to provide just that experience in Uxbridge — noted by Mr Saunders' associate Russell Meadows as a town which has taken a new lease of life already in the office market with, in particular, the building of Eagle Star's 130,000 sq ft Central Square development.

The "Pru" is a noted proponent of effective property management. The darker side of that philosophy, for UK property, showed through in 1983 with a net disinvestment of £97m from its long-term business funds *arising in the* UK against an investment of £48m in 1982.

However, with Uxbridge, the Prudential has been putting money in for some time. Bearing the no-nonsense name of Uxbridge Town Centre until now, the shopping was developed by Hillingdon Borough Council and Town & City in the early 1970s with "Pru" funding.

The insurance giant bought out Town & City in 1979. Last year it paid Hillingdon Borough Council almost £14m for a 150-year lease on the centre, leaving just a peppercorn rent to pay, says Pru development *surveyor* Trevor Hankin.

And now for the transformation. The centre needs it. It is open, ugly, and ill-conceived. It is short of depth in a lot of the shopping units, and access from one of the two adjacent car park has always been a problem.

There are also problems of shopping composition, both in the centre and around it. Built on 7.4 acres, it is high on units —80 of them—and arguably short of conventional anchor tenants. It has Boots, Marks & Spencer and the Co-op as major space users, but no department stores.

There is a relatively small Owen Owen store, and a Woolworth, opposite the centre, with space for another department store not far away. But it looks as if the initial excitement will have to be created by the centre itself, rather than by its major occupiers.

The project team will be headed by the Prudential's in-house development group which will be advised by Fitch & Company as architects, David J. Peek Associates (part of the Fitch Shopping Consortium) as management consultants, Turner *Mills Partnership* as quantity

CONTINUED ON NEXT PAGE

Plenty of space but not what the clients want

Demand

A LOT OF research comes out of Reading, and not all of it is academic, or even quasi-institutional. Earlier this year local agents Campbell Gordon produced a report* which, among a lot of other things, pointed up a significant paradox in the Thames Valley commercial property market.

CG associate Simon Fryer opens for the industrial side of the business: "There is 6m sq ft of outlet industrial space in Berkshire," he says, "yet we have carried out a survey which shows that there is demand for 7m sq ft in a time scale of one to five years hence."

"Every requirement we have monitored, and included, is in excess of 50,000 sq ft," he adds. "If you brought in the requirements below that figure, there are probably a few millions of sq ft more."

Microcosm

The Thames Valley, says CG, is a microcosm of the wider property market. "Some say that what happens in the Thames Valley today will happen elsewhere tomorrow," they note, acknowledging privately that it all probably happened in the U.S. yesterday, or even last week.

Symptoms of the glut v shortage paradox, with some examples, are as follows:

1—An oversupply of some types of warehouse, office and factory buildings.

● Here CG are talking about the "institutional shed" (high *density, low specification, low* office content are common ingredients) and the "standard" office building, or undistinguished paper factory.

The Forbury industrial park at Reading is a good example: three years old, some of it never occupied. There may be only three units left now, but there are quotes of £1 a sq ft initial rent for them against the £8 plus being achieved for "the 1985 industrial building."

CG point out in fairness that Forbury developers Beacontree Estates have learned a lot since then. "They can put their name next to the best," they say, talking about the 221 development currently under construction in Bath Road, Slough.

2. A recorded but unsatisfied demand for accommodation.

● Mr Fryer's estimates are as above. He adds that Dorcan II, the "high-tech" product of institutional pioneer Royal London Mutual, has just achieved £8.20 a sq ft in Slough—a figure that some developers will have to achieve, incidentally, if they shell out the £1m plus per acre which Guardian Royal Exchange has just paid for development land in the same town.

CG further estimate that the Thames Valley this year has been receiving new demand at the rate of 1m sq ft a month, that figure splitting as to only 3 per cent for traditional industrial space, 58 per cent for mixed industrial/office use, 30 per cent for offices and the balance for warehousing.

"Computer companies are talking in terms of hundreds of thousands of sq ft," says Mr Fryer, who is convinced that this is straightforward expansion and sees it as a bull point for the UK industrial economy.

3 an approach to tenure which assumes that all tenants want 25-year leases; and concluding that demand is absent when in fact the product on offer fails to attract tenants/consumers because the package of terms is *unacceptable*.

● "We have lost deals because we cannot offer break clauses," says James Smith, a CG associate on the office agency side. U.S. accounting practice requires companies to enter 25-year leases in their accounts as a contingent liability, and although some of them may dilute the break clause requirement if they see a cracking good building, they still find the situation somewhat distasteful.

CG is acting with King and Co on the Beacontree/Provident Mutual 448 Centre in Basingstoke Road, Reading. Mid rather than high-tech, a 25,000 sq ft, 40 per cent office or R and D content building of "striking appearance," the 448 looks to have a tanant providing a five-year break clause can be negotiated.

4—A tendancy within the property industry to forget that property is not immune to normal supply and demand laws. The established immunities created by planning controls are eroding, as politicians look *for job creation*.

● James Smith: "Just because you build something, it won't necessarily let. Demand dried up to next to nothing three years ago, and although it is coming back now it is not taking developments in the order in which they were marketed."

Near Reading, the five-unit Theale Technology Centre is up and let at between £4 and £5 a sq ft. The nearby Theale Commercial Estate, letting when developers Caversham Bridge Investments in association with Highcross went on site to build the Technology Centre, had seven units of 12 under offer at the time of writing at £2.75 a foot.

5—Inflexibility to tenants' aspirations, sometimes resulting in a loss of rental growth in some situations.

●The Theale tech centre, notes Mr Smith, was smaller, but with detached and semi-detached buildings. It had a much higher office content, it was better looking, had better traffic flow and car parking, and windows all around the units.

CG assert that developers need to design, fund and build their buildings with flexibility in mind, which can take more offices and which do not have to be rebuilt. The Theale tech centre was clad with pop-out units which can be replaced by windows.

They say that additional land *for car parking* should be provided if required, lower site cover or a "reduced footprint" coming from two-storey construction.

James Smith remembers that it is not so long since two storeys were "unacceptable," and only the National Water Council and Royal London Mutual were brave enough to break the rules. "Now the sheep principle is operating," he says, meaning that where an institution leads, others will follow.

6. The difficulty of identifying real rental growth which is attributable to consumer satisfaction over time, and not simply a function of supply distortion (a benefit of location) or inflation (which is universal).

● Whenever rents start going up, says Mr Smith, people bring out the broad brush and talk about supply overtaking demand. He thinks that they should look behind the headlines and see the buildings *which do not make the grade.*

By and large, the firm reckons, an office building built in 1979 would not command prime rents now. CG find it hard to think of any office building which has done well, recently, *on review*. They come back to break clauses here—in their positive aspect—which allow the landlord to go into the building, and do something to bring it up to date.

7—Record prices/rents being paid for some new buildings, while others—many of which are not 20 years old—are unlettable.

● Simon Fryer talks here, on *the positive side, about Cedars* House, Maidenhead, which obtained a record £9.50 a foot on a building which was close to a 50:50 split between office and industrial use. James Smith, of Hewlett Packard, which has just taken the Columbia Centre at Bracknell at £12.75 a foot, says: "The *first time that Bracknell has* achieved a higher top office rent than Reading (currently *around £12.50), although one of* the Reading buildings is going to crack £13 sooner or later."

On the downside there is Kennett House, the 1950s building refurbished by Norwich Union two years ago. At the time of writing 10,000 sq ft only of the 55,000 sq ft building had been let and the market buzz was that the remainder might be available at a sizable discount. It still looks like a 1950s building outside. "Not recladded—that's the mistake," Mr Smith says.

8—That some new buildings designed to strict investment criteria are not letting: but other designs which break all the old rules—are.

● Mr Smith talks of Clarendon House in Queens Road, Reading: "In the end it didn't let badly, but it hung for two years." On paper the building was fine, with toilets on all floors, nice lifts and entrance *floor* and *scope for easy partition*. Unforunately, it was an anonymous building, in an era when tenants want something to show.

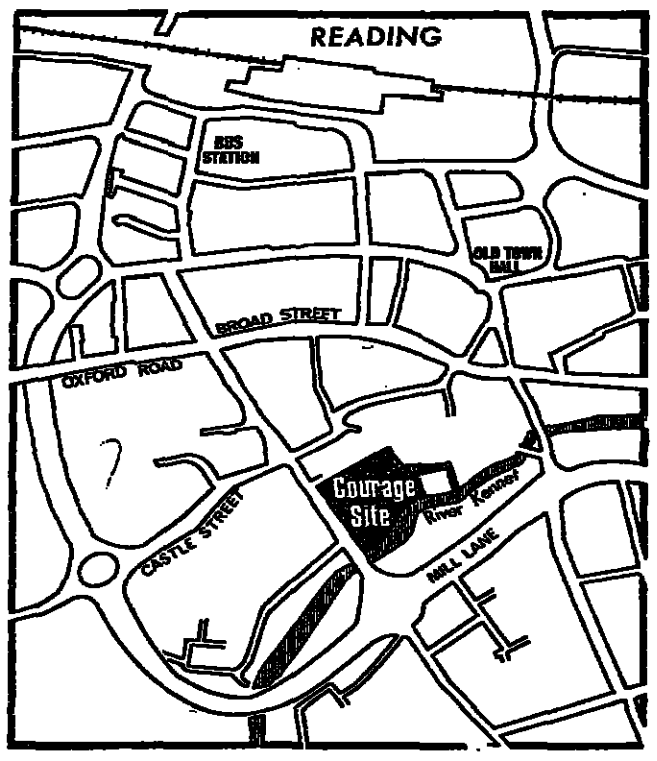
"Forbury is now all under offer but it has been struggling for three to five years," says Mr Fryer. "With its access and exit problems is was basically an architectural mistake."

Royal London's Dorcan series qualifies as the success which *broke the rules. "I am looking* forward to 1985 being a year when industrial buildings will provide what tenants want," he concludes.

9. Concern over the rental *growth implications of* these changes to an existing investment portfolio.

● CG say that Slough Estates is finding that the solution to old estate property is often the bulldozer. "There is enough differential between the rental achievable on 10-year-old, and new property to structure a new development," they maintain. Britain's premier industrial developer details its own, prag*matic approach elsewhere on* these pages.

* *Property—Product or Investment? Campbell Gordon, 48 Queens Road, Reading, Berks RG1 4HU. Price £5.85 inc p and p.*



Billingsgate and after

The Courage brewery site in Bridge Street, Reading, is back in the melting pot again, or at least the largest part of it is.

The original application to build offices was made jointly by Courage, the owners (with Savills as consultant surveyors), and the developers Macwall Estates, a joint company between London & Edinburgh of Billingsgate fame and Tarmac.

"It had the same architects and the same concept as Billingsgate," says Tim Simon of Savills. But what went down well in the City of London is not being allowed to go up in Reading. Now a revised application for offices is to be submitted.

Cost-conscious 1980s

CONTINUED FROM PREVIOUS PAGE

surveyors, Michael Barclay Partnership as structural engineers and Yates Associates as the service consultants. Main contractors are to be Henry Boot.

In the cost-conscious spirit of the 1980s—demonstrated also at Princess Square in Bracknell, developed by London & Metropolitan Estates with architects Sheppard Robson for the Abbey Property Fund—the team is not going for heating, air-conditioning and the concommitant high service charges throughout.

Uxbridge is to be roofed in to reduce heat gain in summer and cut draughts in winter. Vast glass pavilion roofs will cover the centre's two open squares which will feature a number of fixed stalls to retain the area's market atmosphere.

The centre, reasonably enough, is to be renamed "The Pavilions." It is going to have flying bridges from the two adjacent multi-storey car parks, through the glass roofs to an Italianate central tower in one square. With Fitch involved, it is no surprise that the other square will house a variation of the food court theme.

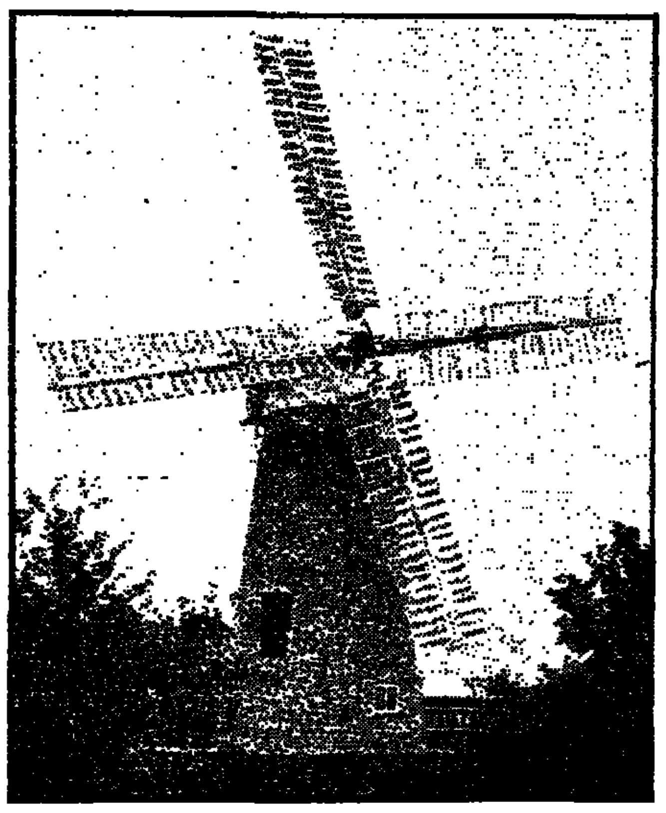
The continental approach continues with a change to bright terrazo flooring. "Burlington Arcades" in two walkways which are too narrow to be designated as malls and "Italian-style" arches for the malls themselves. For the comfort of the lounge lizard, there will be neating and air conditioning in the food court square.

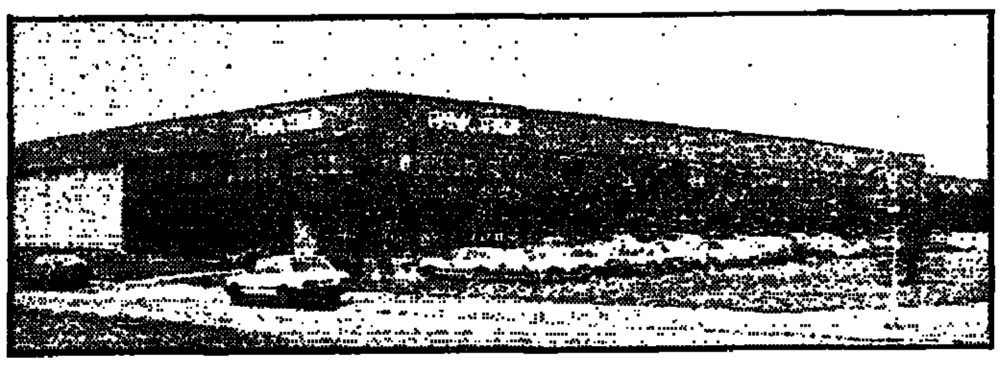
The centre's entrances are to be re-designed to give more impact, but it is not all for show. The flying bridges also solve the problem of car park access and the project team has (reasonably) decided that the two main malls are too wide, so that the scheme will also produce a net gain in terms of shopping space.

Elsewhere, the Butts Centre at Reading is up for refurbishment (if it gets the planning permission) following the Kleinwort Benson Property Fund's acquisition, on the advice of Hillier Parker, of a one-third leasehold interest from the English Property Corporation for something over £5m early this year.

Shopping in Bath is something completely different, and dealt with in this survey's article on the planners. In Bristol, there is a sense of coagulation after the mud-slinging row over the Broadmead shopping centre this time last year—minor improvements where major works might make more long-term sense.

This, of course, would cost a great deal of money, which brings us back to square one.





Left: Clearly visible from the M4, the windmill which acts as a massive signpost for St Martins Property's ambitious Windmill Hill business centre at Swindon could end up with a tenant itself — potential uses are being looked at. Above: Modern but requiring improvement by the new tenant; Thames House, Bath Road, Slough has changed hands from Rank Xerox (UK) to National Panasonic (UK). Right: Spectrum, Bristol, a futuristic office development by Espley-Tyas Properties

Questions about extent of the market

Offices

"MOST OF the (M4) activity is concentrated in the Hammersmith, Reading, Basingstoke triangle with activity slowing down past Reading as you move further away from Heathrow and the M25. In the office market, most of the towns within that triangle have seen substantial lettings."

Tim Bloomfield, of Clive Lewis & Partners, opens up two issues here: first, does the M4 office market stop at Reading? And, second, is it going to expand to the east, with the last section of London's M25 orbital motorway expected to reach completion in mid-1986?

There is more caution than bravado on prospects for the western reaches of the motorway. St John Hartnell, of Bristol agents Hartnell Taylor Cook, thinks that the M25 will open up towns in Kent and Essex and is quite relieved that Britain's big insurance companies, which feature strongly in the Bristol office market, need more comprehensive communications—like access to Birmingham, Swansea, Plymouth and Southampton—than a fast trip to Heathrow.

Business parks

In Swindon, Peter Barefoot is encouraged by the entry of new big employers and "the significant growth of home grown people." Most of the action here is in the big business parks, with National Semiconductors, courtesy of Debenham Tewson & Chinnocks, moving its UK headquarters operations into Kembury Park — the other big two being St. Martin's Windmill Hill and the Delta park being developed by Thamesdown and Taylor Woodrow.

However, in town Lalondes and Mr Barefoot have let the 17,500 sq ft Crown House town centre air-conditioned office block built by James Miller & Partners to Export Finance, a new company with names like the Arab Investment Bank, Legal & General and Electra House on the shareholders' register.

It happens, too, that a yearago Peter Barefoot was predicting that British Railways would pile office staff into Swindon. BR has just taken its second building — Broad Bridge, a Sun Alliance development — and they are said to be in for a third.

On Newbury, he is a little more tentative. "Once Bayer made the decision to build 180,000 sq ft there and two other employers, Micro Focus and Norsk Data, came along, any number of schemes have been generated. A rise in rents made them viable but whether there is the demand to take all these schemes up is another matter," he says.

Reading, arguably overdeveloped and still under pressure from developers, seems to be fighting for equilibrium. "We cannot present a picture of high demand for office space," says James Smith of Campbell Gordon, "but the demand which is there is a lot harder."

Dilemma

A mere snippet of a major M25 (north) office development report by Fer Dijkstra, head of research at Knight Frank & Rutley, illustrates the dilemma for office developers — and users:

"The major impact of the M25 will be a further boost to demand in the decentralised market," says the report — implying that it will not just take demand away from the M4.

"Existing forces behind the growth of this market such as relatively low accommodation costs, life-styles and proximity to major airports will continue to support the trend. The application of information technology to the service sector is a new factor adding impetus to the trend. The M25 will further reinforce the pattern by vastly improving the accessibility of many centres and bringing others within the search horizon of footloose office users."

There is a sting for the M4 there. It has lost its exclusivity.

Whether this will bother property professionals at the "hot" end of the Western Corridor is a very moot point. Angus Euren of AC Frost in Windsor is more concerned that the borough of Windsor and Maidenhead has a combined new office space allocation ("Idiotic," says Mr Euren) of 2,400 sq metres (25,000 sq ft) per annum. He is encouraged, however, in that the borough planners have brought out a revised town plan for Windsor which deals with specific sites—"those that stick out like sore thumbs."

"American companies come here — everybody's heard of Windsor," says Mr Euren. "You can't knock anything down if it has a useful life but the planners have done a very good job; the buildings which have been knocked down would have fallen down anyway."

"Yes," he says, "we have a local occupancy clause" — a restrictive planning tool designed to repel invaders. "But so many companies use the Slough Trading Estate that there is an endless list of local users who qualify."

Windsor is now talking about top office rents of £16 a foot for new space with Maidenhead £2 lower. "In 1980 we were getting £12 in Windsor, and it was £8 to £9 in 1977-78." There may be food for thought for the investor, rather than the developer in this town.

Maidenhead, too, has its share of character. Mr Euren talks of Braywick House, built in the 1670s and refurbished 300 years later. The property wrinkles here were (a) location and (b) occupancy status. The building stands on a roundabout giving access to the A308(M) spur to the M4 and, being refurbished in 1970, it had no local occupancy clause.

At the end of 1983 these qualities brought in a very "bankable" name—Laura Ashley, in a 13,300 sq ft headquarters move.

The fashion company, says Mr Euren, gets a fringe benefit. "Braywick House," he says, "comes complete with a female ghost who walks down the spur, through the front door, up the main staircase and throws herself out of the front window."

He did not say how the woman was dressed — leaving that to the new tenant, perhaps.

Tenants seek joint office and factory space in accessible locations

High-tech projects boost land values

Industrial space

"ANYBODY who deals with decentralised offices will be moving into the industrial department shortly," says Robert Sinclair, of Robert Neil & Co. He is a one-man agency and presumably has to be all things to all people and his quip about the rise of the industrial/office hybrid reflects this.

Still, it is interesting that people can say this today. A year ago, Swindon agent Peter Barefoot was showing people over Dorcan I, Royal London Mutual's pioneering effort in high-tech property, and wondering how soon it would let.

Now both Dorcan I and Dorcan II at Slough have gone like the proverbial bomb, Royal London and the National Water Council are getting the credit they deserve, and nearly everybody in industrial property along the M4 seems to be going along the high-tech route, or genuflecting towards it.

Property development and construction group Hunting Gate has what it describes as one of its largest industrial speculative projects to date well under way in the 188,000 sq ft Keywest industrial/office scheme at Bracknell. Robert Sinclair is on the team, and batting with enthusiasm.

Accessible

"There has been a change in the market," he says. "Tenants now want self-contained units; in other words, with office rents as they are, some tenants are trying to keep their office and industrial requirements together, in a pleasant environment and in an accessible location."

They are not easily satisfied, notes Ken Grundy, a director of Hunting Gate. "People are coming along, looking at adjacent owner-occupied buildings (BMW is the one in view at Keywest) and wanting the same. We're going to give it to them," he maintains.

The scheme comprises four self-contained, detached buildings, each with its own main road frontage and extensive car parking. Landscaping is another important feature. But the key commercial point is a 25 to 30 per cent office content which could be increased to 50 per cent by inserting a mezzanine floor in the industrial buildings to marry up with the first floors of the offices—which are separated from the production and distribution area but connected by linked blocks.

The team is quoting rents of £6.50 a foot for Keywest against Bracknell industrial rents of £4.25 to £4.50 and upwards of £10 for offices.

Hunting Gate says that the total price paid reflected a figure of about £4.4m for the Keywest scheme—which, on the evidence of work produced specifically for this survey by the Hillier Parker research team, is neither inflated nor cheap.

Land values, say Hillier Parker, can be doubled when high tech is involved. The question in some people's minds, given the doubts expressed about the depth of the high-tech market over the past year, is whether some developers are building high-tech or office/industrial hybrids to justify the prices that they are paying for the land.

Meanwhile, Heathrow is not what it was, says Russell Meadows, an associate with Rogers Chapman, the surveying, valuation and commercial property agency division of APC International.

On top of the economic recession, says Mr Meadows, there have been the financial difficulties experienced by the airline industries. "In consequence," he says, "the service industries associated with the airport have suffered as well and the effect over the last two or three years has been one of retrenchment and consolidation with very little active demand."

Take-up has gradually increased over the last nine months but Mr Russell sees a two-tier market now firmly established. Older secondhand buildings with 10 to 15 per cent office content go for £2.50 to £3.50 a foot—if they go at all, since there is a glut—and newer buildings with better specifications, in more prominent locations, "seem to have no difficulty at all in achieving much higher rents in the region of £4.50 a square foot."

Rogers Chapman advised Eagle Star throughout the negotiations for its major prelet at its 12-acre Poyle 14 development adjoining junction 14 of the M25 motorway on the west side of Heathrow.

The M25, the firm reckons, has already influenced the pattern of demand in the Heathrow locality and the link with the M4 presently under construction and due for completion in 12 months' time should bring the location into the truly prime category.

Trevor Saunders, a partner in the firm, says that the traffic congestion which helped to hold the estate down will be relieved by the M25 and a spur road into the airport from junction 14; and redevelopment will help, since "gross over-development" — 50 to 55 per cent site cover — was "not uncommon" on the original estate. "Getting out of the estate was a major problem," Mr Saunders says.

Pre-let

A headquarters building of 45,000 sq ft including 10,000 sq ft of offices has already been pre-let to Concorde, a computer transport and installation company, at a rent of £4.50 per sq ft. The remaining units in phase one of the development will have substantial independent office buildings and the team is going for rents of over £6 a sq ft for these.

On high-tech: "Almost every industrial site that is now acquired in the locality is perceived as being suitable for this form of development," says Russell Meadows. "The rental levels that are associated with this type of scheme, being in the region of £7.50 to £9 per sq ft depending on specification, has the inevitable effect of substantially increasing the land prices that are being paid.

"While there is undoubtedly an active demand for this type of building," he warns, "one must inevitably consider whether or not there will be an oversupply, bearing in mind the scale of development about to come on stream."

Traffic pressure on Reading comes from its business success coupled with good cross-river routes. Work on an inner distribution road is well under way as part of a plan to improve all the main routes

Pressure on roads

Infrastructure

"THE PATTERN of major development taking place outside the borough . . . has an impact on Reading. This impact may take the form of extra traffic congestion. . . ."

As highlighted by the Reading planners' review of the Berkshire structure plans for the borough's transport committee, the sad truth is that the M4 might be a great way of getting from A to B; but once off the motorway there can be problems.

The structure plan sets a limit of 100,000 sq metres (1.1m sq ft) net increase in office development for the borough as a whole over the period 1982-95. This, as Reading planner Stuart Hylton points out, represents a distinct slowing down, partly to allow the infrastructure to catch up with the growth that has already taken place.

Industry on major sites gets an extra 80 hectares (200 acres). In south Reading, north of the M4, of which 60 hectares (150 acres) would be within Reading borough itself. This type of development would need improvements to Junction 11, immediately south of the borough, improvement of the existing A33 corridor between Junction 11 and Reading, and the building of an A33 relief road roughly parallel to the existing one.

No major new housing sites are proposed in Reading borough. But in the general area, 1,000 new houses are proposed for the west and south-west of Winnersh, 500 at north Wokingham and 3,200 to 4,000 for a new settlement south of Reading.

"The effect of this development, combined with the industrial development north of the M4, would be to increase greatly the level of traffic in the area around M4 Junction 11," say the planners. "Major highway and infrastructural works will be needed."

"In the original structure plan," says Stuart Hylton, "there was a whole package of road plans designed to cope with growth between 1976 and 1986. The reviewed structure plan contains remarkably similar road proposals," he says. "The main difference is that completion has moved from 1986 to 1996 with further proposals for development growth in the meantime.

"By the turn of the century we are still going to find conditions of overload on some of the roads in this town," he says.

Paying for the new roads is yet another problem. The planners say: "The highway proposals for Reading in the draft plan would cost over £60m at present-day prices and it would be unduly optimistic to expect them to be completed, even by 1996, without substantial financial support from outside local government."

The draft plan makes it clear that much of the highway investment required as a consequence of new development will have to be financed by the private sector, if that development is to proceed within the plan period. It also expects parking facilities to be self-financing.

Access

Two industrial developers have separately offered to fund the building of the A33 relief road, says Mr Hylton. An extension of the A329m, but to lower standards, could also be funded in whole or in part by adjacent developers, improving access to the town from the east.

In the centre it is more difficult. "While the Kennet Valley local plan recognises that the A33 relief road and M4 junction improvements will need to be provided as an integral part of the industrial development proposed for that area, the Central Reading district plan makes few specific links between the development proposed in the central area and the proposed major highway improvements," say the planners.

Last November another paper produced by the Reading planners noted that while office development in the town centre had run way ahead of target—"with the consequence that the level of traffic can be expected to rise more quickly than anticipated"—almost none of the council's preferred transport strategy, as it affected central Reading, had been carried out.

In this connection, the most important element of that strategy was the completion of an inner distribution road costing £25m.

"The problem is to get office developers to contribute to town centre road improvements," says Stuart Hylton. "It is difficult to say how much a specific office development does to the roads."

There is more than individual delay involved. Papers refer to reports that "the fire brigade are unable to reach parts of Reading in the time laid down by government regulations; that public transport operators experience extreme difficulty in providing reliable services; and that private hire drivers are refusing to operate in some parts of the town in the rush hour."

Policy now is to keep non-essential traffic out of the heart of the town centre, outside the line of the inner distribution road (IDR). Office developers could then contribute their planning gain in payment for the building of multi-storey car parks around the IDR, leaving the council to negotiate with tenants for them to use the spaces.

As a future option the planners are recommending the study of a major change in the approach to traffic policy, "with far greater emphasis on public transport, cycling, etc, and correspondingly greater restraint on the private car."

From the outside this looks questionable. Politics are getting into the planning process to the extent that some growth is being allowed in excess of the capacity of the infrastructure to support it, in the fear that a more restrictive policy would be overturned by government on appeal.

This itself leads to an even more rapid and uncontainable rate of commercial expansion.

Finally, however the quality of existing and planned property stock in an M4 town must depend, at least partly, on access and egress. It is really up to central government to recognise this and to pay for it.

Options for a barrage

Severn crossing

ABOUT THIS time last year, with doubts being expressed about the durability of the Severn Bridge, the worry was that the M4 would break off at one end. By this February, the Government had assuaged some fears in Wales by agreeing a feasibility study for a second crossing of the river. At the same time it sanctioned a programme to strengthen and repair the present bridge at a cost of about £33m.

Meanwhile, further investigations have been going on into the possibility of a Severn barrage, which itself could carry a second river crossing. Across this river, with its 40 ft tides and fast water, a barrage could do a lot more than that.

In its capacity as a hydro-electric scheme, the barrage could produce 6 per cent of the power currently used in England and Wales, enough to serve the whole of the principality. It would reduce the depth of tide above the barrage to some 15 to 16 ft, produce a massive and pretty safe lake and perhaps transform the whole area around it.

There are three barrage proposals among many, which serve to illustrate the options. The shortest, Wimpey Atkins' line close to the existing Severn rail tunnel, was apparently first proposed as long ago as 1903 and would produce one-sixth of the energy generated by the second proposal, 13 to 14 kilometres between, roughly speaking, Cardiff and Weston-super-Mare. This is the one which would keep all of Wales alight.

A third, and even longer option, from a point between Barry and Porthcawl and Minehead, looks to be about 20 km long.

According to Lionel Mayman, chairman of a committee set up by Bristol Chamber of Commerce to look into barrage possibilities and problems, the middle route, roughy between Cardiff and Weston-super-Mare, is the one most worth further study.

In 1978 the Department of Energy set up a committee under Sir Herman Bondi and, says Mr Mayman, in 1981 that committee produced a report which said the Cardiff-Weston scheme appeared to be the best one to research fully, calling for £24m for a full feasibility study to be carried out.

This has not happened, yet. In May 1983, however, says Dr Tom Shaw of contractors Sir Robert McAlpine, £½m of funding was set up for the Severn Tidal Power Group — incorporating McAlpine, Taylor Woodrow, Balfour Beatty, GEC and Northern Engineering Industries to look at the financial, engineering and employment aspects of the scheme they preferred—again, Cardiff-Weston.

Easier

The STPG paid for half of that £½m and engaged Morgan Grenfell as financial advisers.

Says Dr Shaw: "The obvious attraction of the Wimpey Atkins scheme is that it would be easier to fund the smaller one. At present prices, the Cardiff-Weston scheme under study could add up to £7bn.

However, the Government had decided that it *might* be possible to fund a barrage scheme privately, which was why the STPG study was set up.

The study group looked first at private finance and secondly at what the Bondi committee was not given time to examine —the ramifications for regional infrastructure, shipping, water recreation, water quality, roads, agriculture, commerce and so on.

Bondi looked at energy and to some extent environment—"It was very short of time, made a tremendous effort but barely scratched the surface on the latter," Dr Shaw says.

He does not pretend that £500,000 extra over just a year makes that much difference. "We are producing a state of play report which effectively parallels Bondi," he says. "At the end of it, four or five years of concerted, detailed work would be needed before government could go ahead and let construction contracts."

Costing the project in comparative terms is difficult. Hydro versus thermal power is "a bit like apples and pears, complimentary rather than competitive;" it is generally used as a daytime supplement to thermal power, rather than as a substitute for it; and its fuel costs are nil, against 30 to 40 per cent of the running costs of a nuclear station.

For the sake of argument, however, it can be said that the barrage *might* be equivalent to 2½ nuclear power stations, and that each of those would cost between £1½bn and £2bn.

Bristolians enthuse over what the calming, cleaning effect of a barrage would do to an area which is not exactly peppered with holiday resorts at the moment. They say they would change their minds if there was harm to the environment—some ask what will happen to the salmon, or the wildfowl—but, says Dr Shaw, "an increasing *number of people are not* sure now that the answer would be detrimental at all."

"How could they say no?" asks Mr Mayman, remembering, however, that some people said no to the Severn Bridge as well. "There's unemployment here; the country has the national product to pay for it (the barrage); in fact it will pay for itself; and there is virtually no maintenance."

Older buildings are likely to be replaced rather than refurbished

Making a case for building

Slough

SLOUGH, long the butt of jokes about the town's ordinaryness is also the home of the Slough Trading Estate, 7.6m sq ft on 484 acres, valued at £232m on 1981-82, gross rents are £18.99m. It has been in situ since the *1914-18 war and has a current* void ratio of only 1.7 per cent.

The estate is being updated, and not tentatively. Bill Baker of Slough Estates, owner of what is commonly called the Bath Road Estate, expresses the current views of Britain's premier industrial property company.

"We are coming back very much in favour of redevelopment from the refurbishment policy we had in the decade up to a couple of years ago." He notes, however, that the estate is 60 years old and has an old infrastructure which the company is also upgrading.

"We are finding a changing pattern, a move to more high-tech, distribution and service activity as some of the old industries are contracting," says Mr Baker. "In the future there will be high tech buildings on this estate. What we can't say yet is how many, or what the rentals will be."

Decisions

The estate now has about 20 to 22 acres of land available for development "in bits and pieces," says Mr Baker. "Our biggest single lot is six acres, and we are talking of 40 per cent site cover."

A mature estate has to have a lot of old stock and a mature property company needs to maximise present as well as future income. "There are still some nice decisions to be taken on whether to refurbish or redevelop," says Adrian Riddell.

Mr Riddell's last full-time job with the company was as estates manager for the Slough Trading Estate. He now has consultant status "largely finishing off what I did full-time . . . it's a long-term business," he says.

A champion of brick against flashy metal cladding, he is still convinced that the future lies in low site cover and buildings which can create a 40 to 50 per cent ratio of office space. But the landlord does not always decide what is necessary.

"International General Electric moved into Bath Road from Hayes," says Mr Riddell. "It was a 21 or 22-year-old building but they only had to refurbish it inside."

When a good company with a good covenant takes over somebody else's lease Slough cannot tell it what to do. Panasonic took over a modern warehouse building with a good office content let originally to Rank Xerox five years ago.

"Panasonic are spending a lot of money to bring the building up to their standards," says Mr Riddell. But there is no guarantee that a mundane building under one tenancy will not stay exactly that under another.

Slough also has to accept some "dirty" operations on the estate — foundries and the like — usually tucked away in a dead end. "Slough Trading Estate has been primarily industrial and there is a lot of intertrading," says Mr Riddell.

Parking

Traditionally there has always been a range of sizes, between 140,000 and 1,600 sq ft, and large companies which need service often get it from small firms on the estate. Mars using FHD (ovens and conveyor belts) would be one example. "If you want something a little out of the ordinary done, you'll find it on this estate," says Mr Riddell.

Generally there is more open space, more lorry room and more parking than one would expect to find on an estate of this age. On some roads there are cars all along the kerb but Mr Riddell denies any question of congestion.

"There is no real parking problem on this estate," he maintains. "You can find cars parked in the road when there are 10 empty spaces at the back of the factory. If we have a problem it is a lack of discipline, or sheer laziness."

Of the immediate future, Mr Baker says there *is nothing in* the leaseholding structure of the estate to suggest that the void ratio will deteriorate. In fact, it has improved. "A year ago the void ratio could have been nearer 5 per cent," he says.

He admits that Slough is currently in a lowish phase of development, "but if we had more space here we would now be letting it fairly fast."

THE PROPERTY MARKET BY JOAN GRAY

Wates City Properties to hold £97.85m property portfolio

WATES'S launch of the property company Wates City Properties will give investors a chance to buy shares in a portfolio of offices in the City of London worth a total of £97.85m.

Although Wates is better known as a builder, it has expanded its property portfolio over the last 15 years under the name of Wates Development. This latter company is soon to be launched on the Stock Exchange and reborn as an independent company, Wates City Properties.

It has for years been Wates's policy to build and keep for investment. "After all, it's the area builders know best," Mr Paul Wates, chief executive of Wates City, said.

Money for development

The purpose of the launch is to provide money to extend this policy.

As Mr Christopher Wates, group chief executive of Wates and a non-executive director on the board of Wates City, explained: "The sums needed for development in the City are pretty large and we decided that to maintain growth, public money was needed."

Seeking a Stock Exchange listing will, he said, "give us the opportunity to increase this process of building and then keeping the buildings for investment, because the difficulty in expansion in the past has been that a number of opportunities have been in excess of our ability to undertake them."

Shortage of funds for development has meant that Wates has had to turn away opportunities where it could have been the developer itself and follow what Mr Christopher Wates calls "the sub-optimal route" of just carrying out the building for another developer for a management fee.

It is believed that Wates City is hoping to raise between £35m and £45m from the issue. Brokers Cazenove and Rowe & Pitman and merchant banker Morgan Grenfell are involved in the offer, and the property valuation was carried out by Richard Ellis.

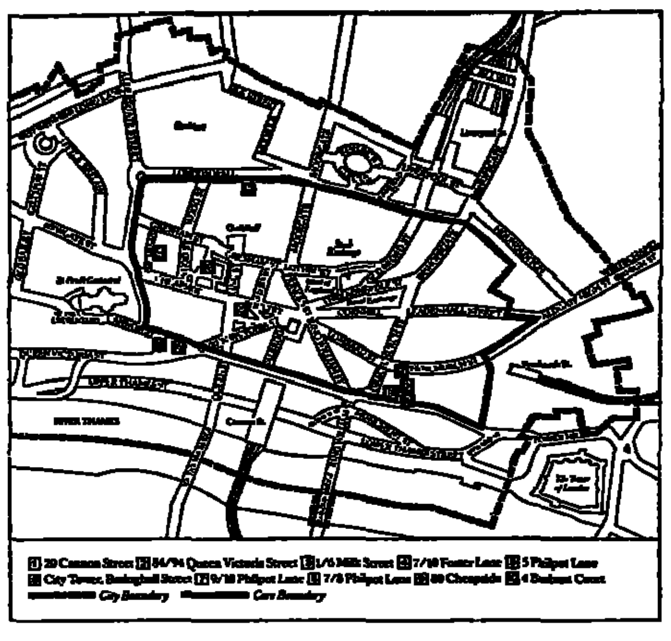


Diagram showing the locations of properties in Wates City's portfolio.

Wates is a family company which has so far kept itself determinedly private, and Mr Christopher Wates emphasises that he has no plans to launch other parts of the group in the same way.

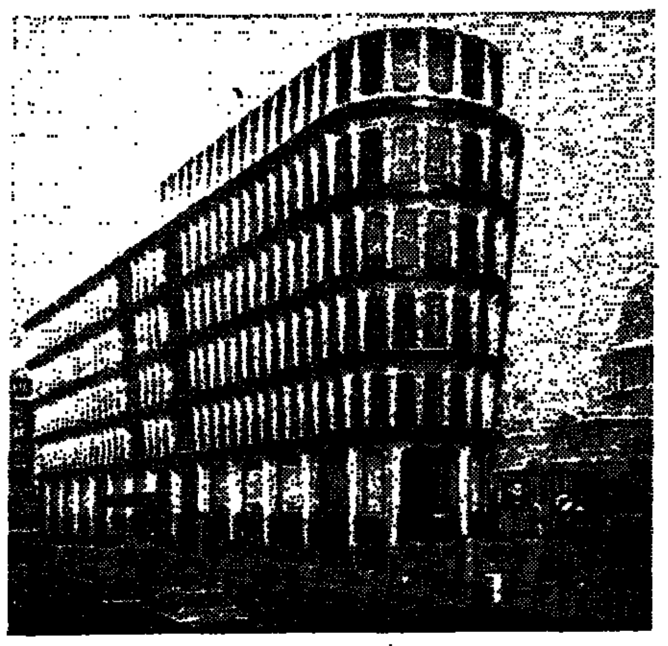
He said: "Housing and construction are self-contained and self-financing and they don't need such large sums of money. We also find that the unpredictability of demand for money in property makes it difficult to plan because you never know when opportunities for development are going to come wheeling in through the window."

Investment in City

Wates City has 10 properties in its portfolio, all in the City of London, and its management is emphatic that it is not just going to sit back and collect the rents but use the new money to carry out developments.

The two smaller investment properties are the 12,000 sq ft 7/10 Foster Lane, just let to the First National Bank of Boston for £260,000 a year, and Wates's own headquarters, the 6,000 sq ft 5 Philpot Lane.

Of the three properties in the course of development, the largest is the City Tower at 40 Basinghall Street. This is a 133,750 sq ft 1960s office block which Wates is now renovating. It has already achieved rents of £30 a sq ft to tenants including IBM and Nippon Credit Bank.



The Credit Lyonnais building in Queen Victoria Street.

The portfolio of buildings being developed also includes a small, renovated, listed building of offices at 7-8 Philpot Lane, next to Wates City's newly-completed 10,430 sq ft office block at 9-10 Philpot Lane.

The company is holding two properties for future office development: a listed Georgian merchant's house at 4 Brabant Court, and 80 Cheapside, for which it proposes a £70m scheme to produce 124,495 sq ft of offices.

In the past, all Wates Development's offices were built by Wates itself. This will change, as the independent Wates City will put all its development projects out to competitive tender.

For its future developments, Wates City is looking for prime sites in the City of London where it can afford to develop quality buildings with such expensive features as the indoor waterfall walls, the shiny, stone-floored, talking, programmable lifts, and computerised energy mangement systems boasted by the City Tower.

It is in the City of London, where property rents and values are growing faster than anywhere else in the country, that Wates City's management has its expertise, and the company has no plans to move outside.

Anticipating opportunities

As Mr Rodney Clutton, Wates City's development director, put it: "Our properties are either freehold or have been developed in association with the City of London or city institutions such as the livery companies, including the ironmongers, goldsmiths, bakers, and drapers.

"So we're well established and well connected, and since tremendous tracts of land in the City are owned by the Corporation or the livery companies a reasonable number of opportunities should come our way in future."

Shopping growth at Bristol planned

NFC Properties and Waterglade International Holdings have proposed a £40m extension to Bristol's Broadmead shopping centre.

The development proposal will be submitted to the city's planners on September 28 with an application for outline planning permission.

The developers and their architects, the Tripe and Wakeham Partnership, have already worked closely with Bristol City Council's planning department on the scheme.

The total area is approximately 12 acres anc, when completed, will provide Bristol with 260,000 sq ft of additional shops and also a public house, fast-food court, and parking space for 690 cars.

The developers are proposing a multi-faceted three-storey building with a terraced effect and external landscaping at each level.

It will be topped by a series of pitched glass roofs to allow a high level of natural light. Mr Henry Lyons, managing director of NFC Properties, said arrangements for funding had not yet been decided and it was "still too early to say if the developers will be funding it themselves."

INSURANCE

Lloyd's difficulties at delicate stage

By John Moore, City Correspondent

THE PROBLEMS of Lloyd's, the London insurance market, have reached a delicate phase.

British authorities are considering whether or not criminal prosecutions should be brought against some of the market's professionals who are alleged to have misappropriated more than £100m ($123m) of funds belonging to Lloyd's 24,438 underwriting members. At the same time, Lloyd's has launched internal disciplinary proceedings against a number of individuals in the market.

The situation represents a first challenge for the effectiveness of Lloyd's self-regulatory powers. More importantly, it represents a serious challenge for the authorities, in the shape of the office of the *Director of Public Prosecutions* (DPP), which are under pressure with in the City of London to provide the self-regulatory method of running Britain's financial community with real support.

For some time, various City of London bodies have urged that there should be tougher action in the area of commercial and financial fraud. The Council for the Securities Industry, representing City interests, told the Department of Trade and Industry two years ago that anyone who committed an elaborate fraud knew "that he will probably not be prosecuted, and that if he is prosecuted it will take years to formulate charges and he will probably escape the main charges. There is little point in improving the finer points of conduct if gross fraud goes unpunished."

The council was responding to the Trade Department on plans to improve the mechanisms for the protection of investors in the City. Since the council made those observations, the scandals in Lloyd's emerged, presenting the City with its worst troubles for years.

At present Treasury counsel are poring over reports from the City of London Police Fraud Squad, the Department of Trade and Industry and Lloyd's which detail facts established in the course of two main inquiries into the affairs of Alexander Howden and Minet Holdings, two leading insurance brokers.

In the Howden affair, it is alleged that five former executives misappropriated $55m from the group's insurance syndicates at Lloyd's, and its other insurance interests, for the personal benefit of the former executives.

In the Minet case it is alleged that former executives siphoned-off more than £38m of funds out of Lloyd's syndicates under their management to companies secretly controlled by the executives.

It will be the DPP who will decide whether prosecutions should be made under criminal legislation against those involved. In one case, *involving allegations that two underwriting agents at Lloyd's had secretly diverted more than £8m of Lloyd's members funds to the Fidentia Marine Insurance Company in Bermuda, which they both controlled, the DPP has decided that no further action will be taken.*

The DPP moves slowly in bringing criminal proceedings in the commercial world. Fraud is difficult to prove. Lawyers engaged by those accused often succeed in demonstrating that there is an accepted *commercial purpose, rather than a fraudulent one, in contracts entered* into by those they are defending.

Fraud cases are often long, complex and expensive and under the British jury system difficult to grasp by those who have to come to a decision about the guilt or innocence of those involved.

In the case of Lloyd's there are other pressures at work. Lloyd's is anxious to demonstrate to a critical world that it can discharge its functions as a self-regulatory body. It is attempting to go through its disciplinary proceedings in order to expel from the market those at the centre of the allegations.

This internal procedure is long and ponderous against both the innocent or guilty as each case is argued in quasi-judicial fashion. Outside challenges to the courts by those subjected to this procedure have often delayed the process and Lloyd's own awareness of the importance of natural justice considerations means that the procedure is drawn-out.

While this is taking place Lloyd's has no desire for the authorities to intervene and bring prosecutions. Once that happens, argues Lloyd's, the disciplinary proceedings would come to halt until the outcome of the trial on natural justice grounds.

The City of London Police Fraud Squad, which is still carrying out investigations, has faced difficulty in finding underwriters at Lloyd's who are prepared to act as "expert witnesses" for the prosecution if charges are brought in the Minet affair.

The arguments of expert witnesses from the Lloyd's community were demolished in the Christopher Moran fraud trial three years ago by defending counsel when the witnesses could not agree on the commercial viability of insurance contracts arranged by Mr Moran, who was acquitted. Lloyd's has not forgotten the experience.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Rb. Fraser & Ptns Ltd.	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1-month 8.00%. Fixed rate 12 months £2,500 9.75%. £10,000 12 months 10.00%.
† 7-day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday September 21 1984

Record fixed-rate bond for Chevron, Page 44

WALL STREET

GDP data fail to make impression

THE COMMERCE Department's flash estimate for third-quarter Gross National Product, showing the U.S. economy expanding at a 3.6 per cent annual rate, failed to impress financial markets on Wall Street yesterday, *writes Michael Morgan in New York.*

The figure was in line with expectations in the credit markets after the heavy hints of the likely range, dropped on Tuesday by Mr Robert Ortner, the Commerce Department's chief economist. Instead, bond dealers were awaiting the latest money supply figures, due late in the day. In the event, these showed that M1 rose 7.8bn in the latest reporting week, much higher than the $5bn to $6bn range that had been expected.

The stock markets were mixed, with the mood depressed by the spectre of an expanded motor industry strike as talks continued between General Motors and the United Auto Workers union.

At the close, the Dow Jones industrial average had pulled up 3.53 to 1,216.54, having traded lower for much of the day. Volume totalled 92m shares, down from Wednesday's 119m. Advancing issues were nearly 9 to 7 ahead of diclines.

In the credit markets, prices of Treasury coupon issues were initially mixed despite a federal funds rate that opened at 11¼ per cent and later eased to 11 1/16 per cent. At that level, the Fed once again added temporary liquidity to the market with a four-day system repurchase arrangement, adding to an increasingly widespread market belief that the Fed is adopting a more accomodative monetary stance. The funds rate later dipped to 11 per cent.

In the wake of the M1 figures, prices of Treasury notes and bonds were easier with the key long bond, the 12½ per cent of 2014, down 13/32 at 103 5/32.

Among Treasury bills, the yield on the three-month bill, at 10.21 per cent, was 5 basis points lower while the six-month bill, yielding 10.23 per cent, was 6 basis points down. Money market rates were also lower.

In the stock markets, Eastman Kodak was actively traded but finished $⅝ up at $72, following the $2¾ fall seen on Wednesday when two analysts had revised their profits and earnings forecasts.

Other actively traded issues included Allied Corp, down $½ to $34¾, and IBM, which added $⅛ to $125¾ after announcing that it is to market its industrial computer products through a planned national network of industrial distributers.

Tandy put on $¼ to $27⅛ as it announced a new computer that can run software designed for IBM's PC. Tandy said its model would sell for considerably less than IBM's machine.

Teledyne dipped $¼ to $299¼, and Digital Equipment shed $⅛ to $98⅝, but Texas Instruments added $1½ to $129¼.

The recently depressed Burroughs Corp picked up $⅞ to trade at $53⅞ while Avco added $½ to $35⅝, but National Semiconductor shed $⅛ to $13⅝.

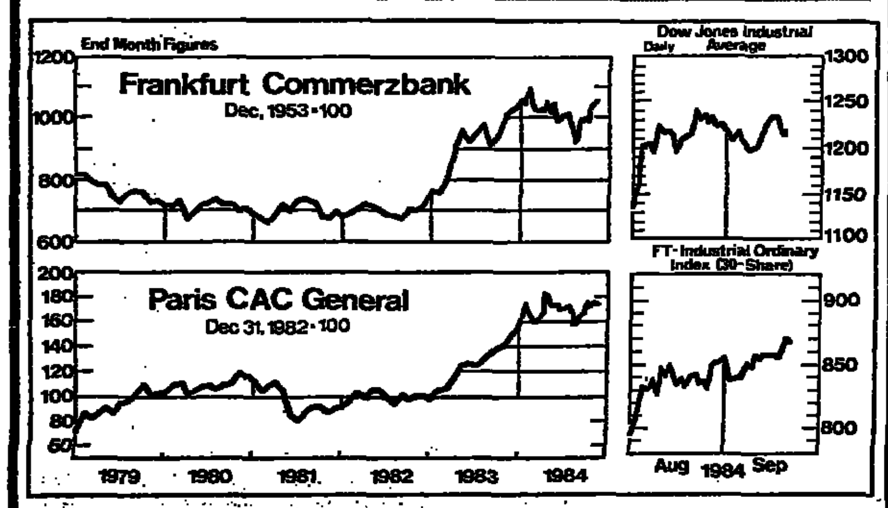
General Instrument fell $⅞ to $23⅝ despite the strong rebound in second-quarter sales and earnings.

Among blue-chip issues, General Electric traded down $¼ to $56¼, Du Pont was off $⅛ at $50, and Merck was unchanged at $84½.

In the motor sector, General Motors, *with 17 plants on strike and two closed* through layoffs, added $1½ to $76. Ford put on $⅜ to $45¾, and Chrysler added $¼ to $30¼.

In the foods sector, stock in Beatrice foods was delayed at the opening due to an order imbalance as an analyst downgraded his opinion to neutral from buy. He cited variables in near-term earnings prospects – including the recent run-up in price of Florida fruit which has been affected by both freezes and citrus canker. Betrice returned to trade down $1⅞ at $26⅞ in heavy volume.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 20	Previous	Year ago
NEW YORK			
DJ Industrials	1,216.54	1,213.01	1,249.19
DJ Transport	524.16	521.26	590.04
DJ Utilities	135.77	134.59	133.19
S&P Composite	167.47	166.94	169.25
LONDON	Sept 20	Previous	Year ago
FT Ind Ord	868.2	871.8	708.1
FT-SE 100	1,129.3	1,125.2	958.9
FT-A All-share	531.35	529.51	448.91
FT-A 500	580.19	578.1	486.65
FT Gold mines	539.1	526.2	614.8
FT-A Long gilt	10.45	10.46	10.30
TOKYO			
Nikkei-Dow	10,521.34	10,552.3	9,254.15
Tokyo SE	815.70	816.83	680.99
AUSTRALIA	Sept 20		
All Ord.	721.8	717.1	715.5
Metals & Mins.	427.9	425.3	580.4
AUSTRIA			
Credit Aktien	54.41	54.32	55.02
BELGIUM			
Belgian SE	162.45	162.62	129.92
CANADA	Sept 20	Prev.	Yr ago
Toronto Metals & Mins	1,980.0	1,962.0	—
Composite	2,399.0	2,396.0	2,577.0
Montreal Portfolio	118.80	118.82	127.43
DENMARK	Sept 20	Previous	Year ago
Copenhagen SE	176.48	176.11	198.6
FRANCE			
CAC Gen	174.9	174.0	135.6
Ind. Tendance	114.1	113.3	86.8
WEST GERMANY			
FAZ-Aktien	364.56	362.34	312.51
Commerzbank	1,058.1	1,049.1	927.2
HONG KONG			
Hang Seng	1,002.13	983.79	836.59
ITALY			
Banca Comm.	213.94	214.91	193.78
NETHERLANDS			
ANP-CBS Gen	176.2	175.2	139.7
ANP-CBS Ind	137.9	137.6	111.2
NORWAY			
Oslo SE	256.18	258.23	210.61
SINGAPORE			
Straits Times	890.13	892.33	988.35
SOUTH AFRICA			
Golds	942.4	931.9	910.0
Industrials	955.1	953.5	953.4
SPAIN			
Madrid SE	146.93	147.0	114.40
SWEDEN			
J&P	1,449.34	1,454.78	1,470.45
SWITZERLAND			
Swiss Bank Ind	376.6	377.7	336.9
WORLD	Sept 19	Prev	Year ago
Capital Int'l	182.9	182.7	179.9

GOLD (per ounce)

	Sept. 20	Prev
London	$338.00	$340.25
Frankfurt	$338.75	$340.50
Zürich	$338.25	$340.25
Paris (fixing)	$339.30	$339.26
Luxembourg (fixing)	$341.00	$340.50
New York (Sept)	$342.40	$340.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Sept 20	U.S. DOLLAR Previous	STERLING Sept 20	STERLING Previous
$	—	—	1.2215	1.237
DM	3.1265	3.0945	3.8225	3.83
Yen	247.2	245.8	301.75	303.75
FFr	9.595	9.495	11.6975	11.76
SwFr	2.559	2.534	3.1225	3.135
Guilder	3.5275	3.4895	4.31	4.3175
Lira	1929.5	1906.0	2349.0	2358.5
BFr	63.05	62.425	76.65	77.2
C$	1.32	1.31705	1.61175	1.62925

INTEREST RATES

	Sept 20	Prev
Euro-currencies (3-month offered rate)		
£	[illegible]	10⅞
SwFr	5½	[illegible]
DM	[illegible]	[illegible]
FFr	11¼	11⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	[illegible]	[illegible]
6-month U.S.$	[illegible]	[illegible]
U.S. Fed Funds	11	11½
U.S. 3-month CDs	10.95	11.15
U.S. 3-month T-bills	10.25	10.26

U.S BONDS

	Sept 20* Price	Yield	Prev Price	Yield
Treasury				
12⅞ 1986	[illegible]	11.97	[illegible]	11.96
13⅞ 1991	[illegible]	12.33	[illegible]	12.29
13¾ 1994	102	12.26	[illegible]	12.23
12½ 2014	[illegible]	12.06	[illegible]	12.06
Corporate				
AT&T				
10⅜ June 1990	91⅝	12.45	91⅝	12.45
3⅞ July 1990	71⅝	10.60	71⅝	10.60
8¾ May 2000	73⅝	12.75	73⅝	12.75
Xerox				
10¼ March 1993	89⅝	12.65	89⅝	12.65
Diamond Shamrock				
10⅞ May 1993	89	12.75	89	12.75
Federated Dept Stores				
10⅜ May 2013	83⅝	12.80	83⅝	12.80
Abbot Lab				
11.80 Feb 2013	92⅝	12.80	92⅝	12.80
Alcoa				
12¼ Dec 2012	92⅝	13.25	92⅝	13.25

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	68-15	68-24	68-04	68-18
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.22	89.28	89.18	89.22
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.85	88.85	88.78	88.73
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	88.92	88.93	88.75	88.76
20-year Notional Gilt £50,000 32nds of 100%				
Sept	106-04	106-28	106-12	106-12

COMMODITIES

(London)	Sept. 20	Prev
Silver (spot fixing)	575.35p	574.60p
Copper (cash)	£1,025.50	£1,027.00
Coffee (Sept)	£2,421.00	£2,422.00
Oil (spot Arabian light)	$27.82	$27.80

TOKYO

Lacklustre phase of uncertainty

INVESTOR enthusiasm in Tokyo was dampened for the second day running, *writes Shigeo Nishiwaki of Jiji Press*

The Nikkei-Dow market average closed 30.96 lower at 10,521.34 in lacklustre trading, on a volume of 260.59m shares. Declines outnumbered advances *411 to 259, with 206 issues unchanged.*

Trading opened slow, as the dealing sections of major securities companies and institutional investors awaited the end of the Tokyo exchange's financial year in September.

A wait-and-see mood spread later, on news of a Wall Street slump, reinforced by the approach of settlements of margin trading in April and May, when the leading market barometer surged to successive record highs.

Toshiba, which remained the most active stock with 24.71m shares, improved Y8 to Y471 under the cross-current of light foreign sales and purchases by domestic *institutional investors.* Hitachi added Y3 to Y859, Mitsubishi Electric Y1 to Y430 and Yaskawa Electric Y2 to Y552.

Conversely, Matsushita Electric Industrial weakened Y30 to Y1,640 on *small-lot sales,* TDK *Y130 to Y5,380* and Toyota Motor Y20 to Y1,360. On a brighter note Kyocera was up Y60 to Y6,970.

Japan Air Lines soared Y280 at one point but eased later on profit-taking to close at Y5,050, down Y70. Nippon Gakki, the day's second busiest issue at 7.49m shares, also leaped Y70 but slackened later to finish at Y1,040, up Y20.

Incentive-backed issues were mixed. Arabian Oil climbed Y210 to Y5,610 on hopes of favourable test drilling results off the coast of China by the end of the year. Fanuc jumped Y230 to Y10,840 due to strong demand for numerically-controlled equipment.

Reflecting revived speculative interest, Kuraray rallied Y32 to Y880 in late trading. Toko, the nation's top wire memory maker, advanced Y44 to Y9,900 on brisk demand for office automation equipment parts and continued foreign buying. By contrast, Sumitomo Special Metals shed Y130 to Y5,200, and Mochida Pharmaceutical Y150 to Y8,800.

The bond market firmed, encouraged by lower U.S. interest rates. Some city and regional banks stepped up buying, while others issued sell orders to take short-term profits.

The yield on the benchmark 7.5 per cent government bonds, due in January *1993, fell to 7.115 per cent from 7.130 per* cent. Government bonds with a coupon rate of 7.3 per cent, maturing in December 1993, traded at a record low 7.210 per cent, compared with the previous day's close of 7.240 per cent.

SINGAPORE

BUYERS managed to reassert some influence on the course of trading in Singapore, although falls equalled gains by the close and the Straits Times index was 2.2 down at 890.13.

Turnover rose marginally to 7.5m, with Pan Electric the most active at *1.02m shares. It closed 4 cents higher* at S$3.20. Lee Kim Tah added 3 cents to S$1.88 in heavy trading.

In other sectors, Sealion gained 10 cents to S$5.30, and United Overseas Land 6 cents to S$2.48, while Consolidated Plantations lost 16 cents to S$2.52 and Singapore Land 4 cents to S$3.82.

AUSTRALIA

A FIRMER afternoon tone left leading industrial issues higher in Sydney. Mining stocks also received support, ending a week of modest declines.

The All-Ordinaries index closed 4.7 higher at 721.8 while the *All-Resources* index firmed 3.6 to 478.2.

Market leader BHP added 15 cents to A$10.15, while CSR rose 5 cents to A$3.15. Banks were generally stronger, with the National up 2 cents to A$3.30 and Westpac 1 cent to of A$3.71.

Among golds Gold Mines of Kalgoorlie added 10 cents to A$6.10, and Peko and Central Norseman shared 10-cent *rises to A$4.70 and A$2.55 respectively.*

EUROPE

Underlying strength resurfaces

THE UNDERLYING strength of the **Frankfurt** bourse surfaced again yesterday as the Commerzbank gained for the fourth consecutive session with a 9-point advance to 1,058.1, a rise of 26 points so far this week.

Investors continue to view a healthier domestic economy, possible currency gains if the D-Mark rises against the dollar and the present weakness on Wall Street as the bedrock supporting the rally.

Banks were an early favourite, but Deutsche finished unchanged at DM 355.50 ex rights while Dresdner put on a further DM 2.30 to DM 170.70.

AEG was again *in demand after* the lifting of its receivership and gained DM 4.60 to a new high for the year of DM 111.60.

Car makers were actively traded, with profit-takers trimming recent gains for Daimler by DM 1 to DM 582.50, while BMW was clipped back by DM 5 to DM 394. VW shed DM 1.80 to DM 176.

Preussag gained DM 2.50 to DM 254 amid higher second-quarter profits while Lufthansa gained DM 3 to DM 165 ahead of its talks on acquiring a stake in the local Avis rent-a-car unit.

Amsterdam again witnessed strong bond activity with the CBS bond index *0.4 higher at 103.3, hitting a new 1984* high for the third straight session. The average yield for government bonds dropped to 7.88 per cent from 7.94 per cent on Wednesday.

In the equity market, banks were firmer while interest continued on internationals with Royal Dutch up Fl 3.60 to Fl 178 and Unilever Fl 1.10 to Fl 289.70.

The improved trade surplus inspired many **Paris** shares, although the monthly liquidation unstabilised some issues.

Skis Rossignol scored one of the largest gains in the session with a FFr 70 advance to FFr 1,570 while Club Med rose FFr 20 to FFr 1,065. L'Oréal recouped some recent losses with a FFr 47 rise to FFr 2,549.

Profit-takers were also evident in **Brussels** where investors are waiting for clearer interest rate trends before committing funds. Market leader Petrofina encountered some selling pressure and fell BFr 180 to BFr 7,610 while Kredietbank, which has lost 6 per cent of its share value in less than one week, shed a further BFr 50 to BFr 7,150.

A broadly lower **Zurich** saw early advances in banks which finished mostly lower or steady. Crédit Suisse failed to hold a SwFr 20 gain to close unchanged at SwFr 2,180, while Sulzer moved *against the trend with a SwFr 90 rise to* SwFr 1,690. Bonds were narrowly changed in slow trading.

Milan ended lower as the bullish trend initiated by the new trading month on Tuesday proved short-lived. Fiat edged L1 up to L1,807, while Olivetti *fell L87 to L5780.*

Most **Madrid** sectors where mixed, while **Stockholm** was lower in quiet trading. Electrolux – the most active – *finished steady at SKr 242, and Volvo* shed SKr 4 to SKr 233.

HONG KONG

Enthusiastic response to draft accord

THE COMPLETION of negotiations on the draft Sino-British accord on the future of Hong Kong was greeted enthusiastically by investors, who pushed the Hang Seng index through the 1,000 barrier and to a 4½-month high.

The index closed *18.34 higher* at 1,002.13 in heavy trading, amid hopes of further gains on ratification of the accord.

The brighter economic tone and belief in a political settlement have been sufficient to boost the index 90.35 in the past week, and yesterday's closing level was the highest since May 4.

The banking sector was the recipient of particular support. Bank of East Asia gained 30 cents to HK$21.30, and Hang Seng Bank added 75 cents to HK$35, while the Hongkong and Shanghai rose 25 cents to HK$6.80.

Among other blue chips, Cheung Kong firmed 25 cents to HK$8.50, Jardine Matheson 15 cents to HK$9, Hutchison Whampoa 20 cents to HK$12.60 and Hongkong Electric 5 cents to HK$6.15.

LONDON

Short-lived foray by institutions

ANOTHER FORAY into London equity markets by UK investment institutions proved short-lived yesterday as profit-taking replaced buying pressure during the afternoon session.

The *resumed* slide of sterling against the dollar caused the reversal which left the FT Industrial Ordinary index *3.6* lower at 868.2, after being 6.2 higher.

Government securities showed a firm undertone despite sterling's performance. Quotations improved ¼ before easing back, but were unaffected in after-hours trading by indications of a continuation of the miners' strike.

Pharmaceuticals were prime targets for support, with Beecham in strong demand on speculation that it could be granted a licence to sell its drug Augmentim in the Far East.

Engineering issues eased. Metal Box shed 8p to 328p, and Vosper 12p to 203p.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39

SOUTH AFRICA

GOLD SHARES remained firmly backed in Johannesburg, with most leading issues higher despite continued industrial unrest at several mines.

Vaal Reef added R2 to R158 followed by Harmony Gold Mine up 25 cents to R27.50 and Free State Geduld up R1.25 to R52. De Beers continued to rise and closed 8 cents higher at R8.70.

Trading was light among mining financials, although Anglo American jumped 60 cent to R21.85.

CANADA

MOST SECTIONS moved tentatively forward in Toronto during moderate trading, with metal and mining stocks showing the most marked improvement.

Gold issues were stronger following more confidence on the international gold market, while hydrocarbon-related issues also posted advances.

Trading remained light in Montreal with the overall tone slightly brighter.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.2	22	157	21½	21	21½	+½
18⅞	13⅛	AMF	.50	3.0	152	176	16⅞	16⅝	16⅝	
41¼	24¼	AMR			4	6263	29⅞	28¾	29⅝	+1½
20½	18⅞	AMR	pf2.18	11		16	20	20	20	
41½	27½	AMR	pf2.13	6.8		1620	31½	30	31¼	+1½
25½	22⅞	ANR	pf2.67	11		4	24	24	24	+⅛
23	19	ANR	pf2.12	11		2	19⅝	19⅝	19⅝	
16⅞	8½	APL				225	10⅝	9⅞	10½	+⅛
67½	40¼	ARA	2.10	3.1	14	1992	67	66⅛	66⅞	+¼
69⅝	44¼	ASA	3a	5.6		557	53¾	51¾	53¾	+1
30¼	16½	AVX	.32	1.7	12	879	19⅛	19	19	-⅛
53⅝	39⅝	AbtLab	1.20	2.7	14	2469	44⅞	44½	44⅞	-⅛
35½	23¼	AccoWd	.66	1.9	20	226	34	33¾	34	+½
27¾	12½	AcmeC	.40	2.5		24	16	15⅞	16	+⅛
12⅛	8¼	AcmeE	.32b	3.4	15	15	9½	9⅜	9½	+⅛
24⅞	11	AdmDg	.04	.2	10	17	17⅝	17½	17½	-⅛
18⅞	15	AdaEx	2.11e	13		59	16½	16⅛	16⅛	+⅛
18⅞	11⅞	AdmMl	.28	2.0	9	23	14⅛	14¼	14⅛	-⅛
22	13½	AdvSys	.81r	4.9	16	49	16⅞	16½	16⅝	-⅛
41⅛	25⅛	AMD			21	7195	37⅝	36½	37½	+½
16⅛	7⅞	Advest	.12	1.2		75	10	9¾	9⅞	-⅛
20	9½	Aeflex			11	24	11⅝	11½	11½	-⅛
33	27¾	AetnLf	2.64	7.4	33	1670	35⅝	35¼	35½	-⅛
58⅞	54	AetL	pf5.78e	10		5	55½	54½	55½	-⅛
34½	15¼	Ahmns	1.20	5.2	6	1496	23½	22⅞	22⅞	
5½	2⅞	Aileen				49	3⅛	3	3⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

O—O—O

P—Q

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5⅛	3⅜	ADI	n		15	81	5½	5	5⅛	+ ⅛
15⅛	8¼	ALLab	n .20	2.1	10	19	9⅞	9½	9¾	− ⅛
13⅞	12¼	AMC	n .12e	.9	11	22	13½	13¼	13¼	− ⅛
3¼	⅝	ATI				31	1	1	1	+ 1-16
68½	58	ATTFd	pi4.14e	6.1		190	68¼	67⅞	68⅛	+ ⅛
7⅛	2⅞	AcmePr				1	3⅝	3⅝	3⅝	
16⅞	10½	AcmeU	.32	2.9	11	8	11⅛	11	11	
18⅞	9⅝	Acton			32	17	14⅛	14	14⅛	+ ⅛
9¼	5⅛	Action				1	6	6	6	
3⅝	11-16	Acun	wi			1	¾	¾	¾	−1-16
4⅝	2⅛	AdmRs			4	70	2⅞	2¾	2⅞	
27	15⅞	AdRusl	s.10	.5	18	75	21⅛	20⅜	20⅝	− ⅝
24½	15	Adobe	.24	1.3	13	65	18⅞	18¼	18¾	
6¼	3⅞	Aegis			16	37	4⅛	4⅛	4⅛	
7⅞	4	Aeronc			9	651	u7⅞	6¾	7⅞	+ ⅝
9¼	6	AirExp			34	65	8⅞	8¼	8⅞	− ⅛
5⅞	3⅛	Alamco			3	1	4	4	4	+ ⅛
15⅞	8⅛	AlbaW	.20e	2.2	6	17	9⅛	9	9	+ ⅛
9⅛	5⅝	Alpha	.48r	6.7	2	1	7⅛	7⅛	7½	− ⅛
22⅞	12¼	Alphain	.05	.3	20	36	16¾	16⅛	16¾	+ ⅛
2⅞	¼	Altex				40	⅞	¾	¾	+ ⅛
⅝	⅛	Altex	wt			11	⅛	⅛	⅛	
22⅞	11	AlzaCp			63	467	19⅝	17⅞	19	+ 1
20½	9½	Amdahl	.20	1.5	16	680	13⅝	13¼	13⅝	+ ⅛
19⅞	7⅞	Amedco	.09	.9	11	155	9⅛	9¼	9½	
6⅛	4⅛	AmBilt	.15	2.4	8	335	6¼	5⅞	6¼	+ ⅛
8⅝	2⅛	AmCap				6	5⅛	5⅛	5⅛	− ⅛
30¾	12¼	AExp	wt			146	21½	20¾	21⅛	− ⅛

[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60	45	Wrigly	1.80a	3.1	11	40	58¼	57¾	57¾	− ⅛
8⅝	3¼	Wurlitz				98	62	4½	4⅜	4⅜ + ⅛
25⅛	10¾	WyleLb	.32	2.3	9	958	14⅛	13⅞	14	− ⅛
21	16½	Wynns	.60	3.2	10	5	18⅝	18⅝	18⅝	+ ½

X–Y–Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	33¼	Xerox	3	7.7	10	2895	39	38½	38¾	− ⅛
51⅛	45½	Xerox	pf5.45	11		1413	48	47⅝	48	+ ⅛
37	19	XTRA		2.4	9	23	26⅝	26⅛	26½	− ⅛
34	24	ZaleCp	1.32	4.8	9	18	27¼	27	27¼	− ⅛
24⅞	15¼	Zapata	.84	4.3	14	2440	19⅝	19⅝	19⅝	− ⅛
48	28⅛	Zayre	.40b	.9	13	589	45⅞	44½	45⅝	+ ⅞
38⅝	20	ZenithE			9	1731	24⅛	23½	24	+ ¼
27⅞	18	Zero	s .36	1.5	18	26	24¼	23⅝	23¾	− ⅛
34	21½	Zurnin	1.32	5.4	13	58	24¾	24½	24½	− ½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Sept. 20	Price Schs	+ or —
Creditanstalt	211	..
Goesser	333	-1
Interunfall	400	....
Laenderbank	310	—2
Perlmooser	344	-1
Steyr-Daimler	149	-1
Veitscher Mag.	225	—1

BELGIUM/LUXEMBOURG

Sept. 20	Price Frs.	+ or —
ARBED	1,690	—10
Banq Int A Lux	5,400	...
Bekaert B	4,630	—20
Ciment CBR	2,700	—5
Cockerill	285	—5
Delhaize	5,690	+20
EBES	2,915	+15
Electrobel	7,980	..
Fabrique Nat	2,140	—20
GB Inno BM	5,380	+15
GBL (Brux)	2,560	—10
Gevaert	3,550	..
Hoboken	5,880	—20
Intercom	2,290	-30
Kredietbank	7,150	—50
Pan Hldgs.	10,350	....
Petrofina	7,610	—180
Royale Belge	9,350	—50
Soc. Gen. Banq	3,205	...
Soc. Gen. Belge	1,880	+30
Sofina	7,070	—30
Solvay	4,540	—60
Traction el.	4,080	...
UCB	5,440	—10
Vieille Mont.	4,680	—30

DENMARK

Sept. 20	Price Knr %	+ or —
Aarhus Olie	435	......
Andelsbanken	237	......
Baltic Skand	545	......
CopHandelsbank	248	......
D. Sukkerfab	630	.....
Danske Bank	242	+1
East Asiatic	156	—9
Forenede Bryg	850	.....
Forenede Damp.	65	......
GNT Hldg	415	.....
I.S.S.B.	400	—4
Jyske Bank	459	.....
Novo Ind.	1,945	.....
Privatbanken	220	.....
Provinsbanken	309	+1
Smidth (F.)	216	+1
Sophus Berend	935	.
Superfos	446	9

FRANCE

Sept. 20	Price Frs.	+ or —
Emprunt 4½% 1973	1,721	+11
Emprunt 7% 1973	9,120	-94
CNE 3%	3,700	+20
Air Liquide	544	..
BIC	471	+9
Bouygues	635	-5
BSN Gervais	2,580	-31
CIT-Alcatel	1,160	-12
Carrefour	1,579	-19
Club Mediter'n	1,065	+20
CFAO	637	-3
Cie Bancaire	560	+1
Cofimeg.	224.9	+3.9
Darty	1,092	+31
Dumez S.A.	699	-1
Eaux (Cie Gen)	518	-1
Elf Aquitane.	230	-0.5
Gen. Occidentale	689	—6
Imetal	92	+0.3
Lafarge Coppee.	548.5	+7.5
L'Oreal	2,549	-47
Legrand	1,957	—8
Maisons Phenix	192	+2
Matra S.A.	1,560	+10
Michelin B.	890	+18
Midi (Cie)	1,680	-16
Moet Hennessy	1,863	-73
Moulinex	95.5	-1
Nord Est.	55.7	+0.7
Pernod Ricard	792	—3
Perrier	507	+6
Petroles Fra.	211.5	—1
Peugeot S.A.	223.5	+3
Poclain	51	+1.8
Printemps Au.	164.5	—3
Radiotech	208.5	—1.5
Redoute	1,200	-3
Roussel-Uclaf	1,545	+5
Sefimeg.	245.3	-0.7
Skis Rossignol	1,570	—70
Telemech. Elect.	1,325	-5
Thomson CSF	368	+17
Valeo	244	+0.1

GERMANY

Sept. 20	Price Dm.	+ or —
AEG Telef.	111.6	+4.6
Allianz Vers.	1,010	—1
BASF	166	—0.8
Bayer	170.8	—1
Bayer-Hypo	285.5	+0.5
Bayer-Verein	319	-1.5
BHF Bank	255	-1
BMW	394	—5
Brown Boveri	207.6	—0.9
Commerzbank	170.3	-2.3
Cont'l. Gummi	131.6	-1.8
Daimler-Benz	582.5	—1
Degussa	383	....
D'sche Babcock	167	—5
Deutsche Bank	355.5xr	..
Dresdner Bank	170.7	+2.5
GHH	158	—1
Hochtief	485	...
Hoechst	173.7	+0.2
Hoesch Werke	98.5	—0.8
Holzmann (P)	575	—6
Horten	179	+1
Kali und Salz	240	-4.3
Karstadt	246	—3.5
Kaufhof	227	—2
KHD	254	—1
Kloeckner	62.8	+0.2
Krupp	81	—1
Linde	389.5	+3.5
Lufthansa	165	+3
MAN	156	+1
Mannesmann	155.9	+0.4
Mercedes Hld.	518	+1
Metallgesell	217.5	—1.5
Muench Rueck	1,200	+2
Preussag	254	+2.5
Rhein West Elect	162	—2
Rosenthal	252	+2
Schering	398	-1
Siemens	427	-9
Thyssen	79.2	—0.8
Varta	179	+3
Veba	167.5	+0.3
V.E.W.	119.5	—0.4
Verein-West.	296	...
Volkswagen	176	-1.8

ITALY

Sept 20	Price Lira	+ or —
Banca Com'le	16,706	—284
Bastogi-IRBS.	139	—3
Centrale	1,830	+15
Credito Varesino	3,850	—20
Fiat	1,807	+1
Finsider	39	+0.25
Generali Assicur	32,850	+740
Invest	2,722	—8
Italcementi	50,600	—200
Montedison	1,160	—14
Olivetti	5,780	-87
Pirelli Co	2,999	—16
Pirelli Spa	1,720	—25
Snia BPD	1,801	-42
Toro Assic	11,890	—50
do. Pref	8,810	—110

NETHERLANDS

Sept. 20	Price Fls	+ or —
ACF Holding	192	—1
AEGON	123	+0.5
Ahold	197.5	—1.2
AKZO	97	+1
ABN	314.5	+1.5
AMEV	175.5	—0.5
AMRO	61.8	+0.6
Bredero Cert.	161	—4
Bos Kalis Westm.	15.1	—0.7
Buehrmann Tet.	67.5	—0.5
Calland Hldgs.	32	—0.3
Credit Lyon'is Bk	65	—0.2
Elsevier-NDU.	99.3	+1.3
Gist Brocades	168	—2.5
Heineken	138.2	—1
Hoogovens	59.3	—0.4
Hunter Douglas	30.8	—0.3
Int Mueller.	41.0	...
KLM	187.5	+2.2
Naarden	43.7	....
Nat Ned Cert	231	+0.7
Ned Mid Bank	146	—3.3
Nedlloyd	149	+0.1
Oce Grinten	255.5	—1.5
Ommeren (Van)	27.4	—0.1
Pakhoed	61	—0.5
Philips	54	—0.7
Rijn Scholde	1.5	—0.1
Robeco	67.1	—0.3
Rodamco	135.9	—0.1
Rolinco	64.5	+0.2
Rorento	208.6	+0.6
Royal Dutch	178	+3.6
Unilever	289.7	+1.1
VMF Stork	131.8	+0.3
VNU	176.2	—0.1
West Utr Bank	94	+2.4

NORWAY

Sept. 20	Price Kroner	+ or —
Bergens Bank	146	—1.5
Borregaard	282.5	—7.5
Christiania Bank	146.5	—2.5
DenNorske Cred	146	—1.5
Elkem	121	—2
Norsk Data	332.5	—5.5
Norsk Hydro	617.5	—12.5
Storebrand	190	—5

SPAIN

Sept. 20	Price Ptas %	+ or —
Bco Bilbao	350	—4
Bco Central	262	...
Bco Exterior	212	+2
Bco Hispano	249	—1
Bco Santander	323	+1
Bco Vizcaya	415	..
Dragados	173	—2
Hidrola	75.2	...
Iberduero	79.7	...
Petroleos	164.7	—0.2
Telefonica	102.5	—0.5

SWEDEN

Sept. 20	Price Kronor	+ or —
AGA	360	.....
Alfa-Laval	204	—3
ASEA (Free)	410	...
Astra (Free)	470	—5
Atlas Copco	105	—1
Boliden (Free)	377	—3
Cardo (Free)	280	...
Cellulosa	120	—2
Electrolux B	242	...
Ericsson	362	—2
Esselte	310	—5
Mo Och Domsjo	290	—10
Pharmacia	210	—4
Saab Scania Free	540	.....
Sandvik	410	+5
Skandia	305	—15
Skan Enskilda	57.5	—1
SKF	162	—3
St Kopparbergs	176	......
Sven Handlesbn.	176	.....
Swedish Match	221	—2
Volvo B (Free)	233	—4

SWITZERLAND

Sept. 20	Price Frs.	+ or —
Alusuisse	770	—10
Bank Leu	3,625	—15
Brown Boveri	1,320	—40
Ciba Geigy	2,450	—30
do. (Part Certs)	1,960	—10
Credit Suisse	2,180	...
Elektrowatt	2,535	—5
Fischer (Geo.)	603	—2
Genevoise	3,475	...
Hoff-RochePtCts	93,000	—250
Hoff-Roche 1/10	9,325	—25
Jacobs Suchard	6,010	—10
Jelmoli	1,865	+5
Landis & Gyr	1,450	—5
Nestle	5,290	—10
Oer-Buehrle	1,220	—20
Pirelli	261	+1
Sandoz (Br)	6,900	—50
Sandoz (PtCts)	1,070	—10
Schindler (PtCts)	600	+15
Swissair	965	—18
Swiss Bank	346	...
Swiss Reinsce	7,650	—60
Swiss Volksbk	1,360	—10
Union Bank	3,400	...
Winterthur	2,950	—40
Zurich Ins.	17,000	—100

AUSTRALIA

Sept. 20	Price Aust $	+ or —
ANZ Group	4.75	.....
Acrow Aust	1.6	.....
Alliance Oil Dev.	0.95	-0.01
Ampol Pet.	1.6	.....
Aust Cons Ind.	1.85	-0.02
Aust. Guarantee.	2.85	.....
Aust. Nat. Inds	2.4	+0.05
Aust. Paper	2.25	.....
Bell Group	4.35	+0.05
Bond Corp Hldgs	1.45	-0.05
Boral	4	+0.15
Bougainville	1.66	-0.05
Brambles Inds.	3.2	-0.05
Bridge Oil	2.65	.....
B.H. Prop.	10.15	-0.15
CRA	4.8	+0.02
CSR	3.15	+0.05
Carlton Utd	4.50	.....
Castlemaine Tys.	4.43	-0.01
Coles (G.J.)	4.03	+0.07
Comalco "A"	2.1	.....
Consolidated Pet	0.42	.....
Costain Aust	1.44	-0.06
Dunlop Aust.	1.85	-0.05
E.Z. Inds.	6.1	.....
Elders IXL	4	-0.1
Energy Res.	1.55	.....

AUSTRALIA (continued)

Sept. 20	Price Aust. $	+ or —
Gen Prop Trust	2.16	..
Hardie (James)	3.28	-0.03
Hartogen Energy	2.2	...
Herald W'yTimes	3.9	...
ICI Aust.	2.07	-0.01
Jimberlana F.P.	0.25	..
Kia Ora Gold	0.13	-0.01
Lend Lease	6.4	-0.28
MIM	2.64	-0.01
Mayne Nickless	2.9	....
Meekatharra	0.72	....
Myer Emporium	1.89	..
Nat. Com. Bk	3.3	-0.02
News	9.6	-0.2
Nicholas Kiwi	4.25	..
North Bkn Hill	2.15	-0.01
Oakbridge	0.82	....
Otter Expl.	0.4	..
Pancont'l	1.2	-0.05
Pioneer Conc.	1.55	-0.01
Queensland Coal	1.19	-0.01
Reckitt & Coln.	2.84	-0.05
Repco	1.16	..
Santos	6.7	..
Smith (Howard)	3.9	+0.05
Southland Min'g.	0.28	-0.01
Spargos Expl	0.38	-0.02
Thos. Natwide.	1.68	..
Tooth	5.50	..
Vamgas	3.8	..
Western Mining	3	+0.02
Westpac Bank	3.71	+0.01
Woodside Petrol.	1.24	.....
Woolworths	2.42	.....
Wormald Intl	2.76	-0.04

HONG KONG

Sept. 20	Price H.K.$	+ or —
Bank East Asia	21.3	+0.3
Cheung Kong	8.5	+0.25
China Light	13.4	.....
Hang Lung Devel	2.3	..
Hang Seng Bank	35	+0.75
HK Electric	6.15	+0.05
HK Kowloon Wh.	4	-0.08
HK Land	3.07	+0.12
HK Shanghai Bk.	6.8	+0.25
HK Telephone	44.50	..
Hutchison Wpa.	12.6	+0.2
Jardine Math.	9	-0.15
New World Dev.	3.5	-0.05
Orient O'seas.	2.55	..
Oseas Trust Bk.	5.05	+0.05
SHK Props.	6.9	+0.15
Swire Pac A.	17.4	+0.2
Wheel'k Mard A.	3.77	-0.05
Wheel'k M'time	1.9	.....
World Int. Hldgs.	2.25	.....

JAPAN

Sept. 20	Price Yen	+ or —
Ajinomoto	1,190	+10
Alps Electric	2,350	—20
Amada	1,290	—10
Asahi Chem.	534	—2
Asahi Glass	816	—4
Bridgestone	572	—8
Canon	1,370	—10
Casio Comp.	1,470	.....
Chugai Pharm.	1,000	+4
Citizen	569	—1
Daiei	625	—10
Dai Nippon Ptg	985	—10
Daiwa House	515	—5
Ebara	325	—7
Eisai	1,280	—20
Fanuc	10,840	+250
Fuji Bank	940	+4
Fuji Film	1,720	.....
Fujisawa	1,050	+10
Fujitsu	1,390	.....
Green Cross	1,560	—40
Hasegawa	363	+8
Heiwa Real Est	646	—4
Hitachi	859	+3
Hitachi Credit	1,210	—10
Honda	1,300	+30
House Food	716	—4
Hoya	2,280	+20
Itoh (C)	284	+1
Ito. Yokado	2,240	—50
Iwatsu	1,530	—10
JACCS	530	.....
JAL	5,050	—70
Jusco	798	+2
Kajima	265	—9
Kao Soap	733	+1
Kashiyama	591	—9
Kirin	527	—6
Kokuyo	1,010	—20
Komatsu	455	+1
Konishiroku	606	—8
Kubota	334	—1
Kumagai	455	.....
Kyoto Ceramic	6,970	+60
Maeda Const	470	.....
Muakino Milling	1,473	.....
Myakita	1,070	—30
Marubeni	315	.....
Marudai	605	—4
Marui	1,250	+50
MEI	1,640	—30
M'ta Elec Works.	650	.....
M'bishi Bank	908	—2
M'bishi	559	.....
M'bishi Elec.	430	—1
M'bishi Estate	461	—2

JAPAN (continued)

Sept. 20	Price Yen	+ or —
MHI	228	..
Mitsui Co	326	—1
Mitsui Estate	644	—4
Mitsukoshi	370	..
NGK Insulators	868	+7
Nihon Cement	204	—1
Nippon Denso	1,540	..
Nippon Elect.	1,350	—10
Nippon Express	305	..
Nippon Gakki	1,040	—20
Nippon Kokan	139	—1
Nippon Oil	960	..
Nippon Seiko	585	—5
Nippon Shimpan	515	—13
Nippon Steel	150	—1
Nippon Suisan	320	..
NTV	13,100	—150
Nippon Yusen	220	—2
Nissan Motor	607	—2
Nisshin Flour	487	—3
Nisshin Steel	164	—4
Nomura	715	—3
Olympus	1,080	—30
Orient Leasing	3,580	+50
Pioneer	2,690	—10
Renown	614	—4
Ricoh	975	—4
Sankyo	876	+16
Sanyo Elect.	509	..
Sapporo	381	—6
Sekisui Prefab	590	—7
Seven-Eleven	8,590	..
Sharp	1,130	—10
Shimadzu	601	—14
Shionogi	667	—2
Shiseido	1,110	—30
Sony	3,720	....
Stanley	869	+29
S'tmo Bank	925	—5
S'tomo Elect	885	—3
S'tomo Marine	400	...
S'tomo Metal	154	—3
Taihei Dengyo	459	—1
Taisei Corp	199	—2
Taisho Pharm	925	+3
Takeda	760	+10
TDK	5,380	—150
Teijin	404	—7
Teikoku Oil	681	—9
Tokyo Marine	589	—3
TBS	820	—9
Tokyo Elect Pwr.	1,150	—10
Tokyo Gas	146	—2
Tokyo Sanyo	700	—5
Tokyo Stylo	750	—5
Tokyu Corp.	270	....
Toppan Print	840	....
Toray	411	—1
Toshiba Elect.	471	+8
TOTO	605	..
Toyo Seikan	771	—3
Toyota Motor	1,360	—20
Victor	2,200	—30
Wacoal	776	+2
Yamaha	675	+2
Yamanouchi	1,480	—10
Yamazaki	655	..
Yasuda Fire	285	—1
Yokogawa Bdge.	410	—9

SINGAPORE

Sept. 20	Price $	+ or —
Boustead Hldgs.	2.06	+0.01
Cold Storage	3.16	—0.02
DBS	7.75	—0.2
Fraser & Neave	5.6	.....
Genting	5.25	.....
Haw Par. Bros.	2.13	.....
Inchcape Bhd.	2.75	—0.05
Keppel Shipyard	2.05	+0.01
Malay Banking	8.8	.....
Malay Brews.	6.95	.....
Multi Purpose	1.05	.....
OCBC	9.4	.....
OUB	3.9	—0.06
Sime Darby	2.11	.....
Straits S'mship.	1.15	.....
Straits Trdg	6.1	.....
UOB	4.48	—0.02

SOUTH AFRICA

Sept. 20	Price Rand	+ or —
Abercom	1.3	.....
AE&CI	7.45	.....
Anglo Am Coal	34.75	.....
Anglo Am Corp	21.85	+0.6
Anglo Am Gold	156.5	+3.5
Barclays Bank	15.25	.....
Barlow Rand	10.55	+0.15
Buffels	75	+1.5
CNA Gallo	2.0	.....
Currie Finance	3.2	—0.05
De Beers	8.72	+0.1
Driefontein	49.5	+0.5
FS Geduld	53	—1.25
Gold Fields SA	25.5	..
Highveld Steel	4.25	.....
Nedbank	10.75	+0.05
OK Bazaars	12.6	.....
Protea Hldns	1.65	.....
Rembrandt	25	—0.5
Rennies	12.50	—0.25
Rust Plat	13.95	—0.3
Sage Hldgs	7.2	..
SA Brews	5.6	..
Smith (C.G.)	18	.....
Tongaat Hulett	6.85	—0.1
Unisec	4.95	.....

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

BOC	238	+7
Bank of Scotland	378	+8
Britannic Assce	530	+8
British Aerosp.	351	+8
Carlton Comm	465	+20
Cookson	355	+18
Liv Daily Post	225	+9
Micro Focus	820	+40
Telemetrix	330	+18
Ward Hldgs.	151	+7
Cluff Oil	83	+5
Shell Trans	687	+17
Grootvlei	702	+73

FALLS

Coats Patons	121	—4
Laing (J.)	198	—14
Magnet & South	122	—6
Metal Box	328	—8
Midland Bank	332	—5
Priest (Ben)	7	—3½
Vosper	203	—12
Jebsens Drilling	138	—13
Minorco	580	—30
Paringa M&E	67	—6

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 44

CANADA

TORONTO

Closing prices September 20

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

LONDON STOCK EXCHANGE

MARKET REPORT

Late developments in coal dispute cause equities to react from higher levels

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 3	Sept 13	Sept 14	Sept 24
Sept 17	Sept 27	Sept 28	Oct 8
Oct 1	Oct 11	Oct 12	Oct 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

The UK investment institutions made another foray into London equity markets yesterday. Once again the incursion was unexpected: traders were initially sceptical of values being able to extend Wednesday's upturn. *Sterling's resumed slide against* the dollar also gave dealers cause *to anticipate profit-taking from* short-term equity holders.

Leading industrials were slightly easier for the first hour of trading, but they regained the ground lost and then rose more rapidly. British fund managers continued to concentrate on a range of top-quality stocks and on this occasion Pharmaceuticals were the prime targets. Engineerings, the front runners of the previous session, tended to lag.

Speculation arose that **Beecham** could soon be granted *a licence to sell its drug* Augmentin in the Far East, and the rise *in the shares eventually* triggered a chart "buy" signal which aroused further demand. **Boots, Glaxo** and **BOC** joined the advance before equity markets reacted sharply after-hours. This followed news that the Transport and General Workers Union had threatened to black all coal deliveries to power stations with immediate effect.

Leading shares gave up their gains within minutes and many closed lower on the day. *The FT* Industrial Ordinary share index *reflected the trend with a closing* fall of 3.6 at 868.2; at the 3 pm calculation *the measure* had been 6.2 higher and only marginally below the session's best.

Government securities presented a firm undertone despite sterling. Confirmation of a slowdown in U.S. economic growth—the latest GNP "flash" estimate of 3.6 per cent was more or less in line with most recent predictions—was a help. Quotations improved ¼ prior to easing back later, but were unaffected in the after-hours business by the *latest coal* news.

Clearers ease late

The major clearing banks were firm for most of the day, reflecting a continuing squeeze on bear positions, but profit-taking in the after-hours trade left most prices easier on balance. Firm initially at *343p* on persisting rumours about the imminent disposal of *its Crocker National subsidiary's* head office building, **Midland Bank** *fell away quite sharply to* close 5 lower on balance at 332p. ***Lloyds** finished 3 cheaper at 484p*, after 493p, while **Barclays** settled a penny off at 492p, after 500p. **NatWest** touched 515p prior to closing without alteration at 507p. Elsewhere, **Bank of Scotland** drew support and rose 8 to 378p and **Royal Bank of Scotland** firmed 4 to 228p. Among Merchant Banks, **Schroders** moved up 20 to 675p in a restricted market.

Commercial Union were actively traded in Composite Insurances and opened higher at 189p on suggestions that a sizeable buyer had emerged in the late business on Wednesday; the price subsequently moved up to *191p before profit-taking left the* close only a couple of pence *dearer on balance at 186p. Other* Composites also closed below the best. **Royals** finished a couple of pence firmer at 460p, after 468p, and **GRE** 3 better at 593p, after 597p. In irregular Life issues, aggressive buying left **Britannic** 8 up at 530p, after 532p. Lloyd's brokers made further progress helped by reports of a broker's favourable circular. **Willis Faber** rose 12 to 907p, as did **C. E. Heath**, to 505p. **Hogg Robinson** firmed *3 to 208p and* **Sedgwick** gained 4 more to 284p.

Attention in the drinks sector again centred on **Distillers**; *supported up to 309p ahead of the* annual meeting, the shares reacted *later to close a net penny* lower at 300p with the market expressing disappointment at the absence of any reference to GEC's stake in the company.

Recently dull Building Material issues met with revived buying interest, but gains were only modest. **Redland**, a particularly drab counter of late, rallied 3 to 263p, while **Tarmac** edged up 4 to 444p. **RMC** hardened 4 to 362p and **Blue Circle** firmed 5 to 420p. Contracting and Construction issues were generally *a few pence better on reports of* increased orders. Following the *interim results*, ***John Laing* "A"** fell 14 to 198p owing to the *existence of a bull position in* the shares. Takeover hopes *continued to boost* ***Ward Holdings***, up 7 more at 151p, while **Galliford**, awaiting news of a firm bid approach, gained 3 more to 66p. Among Timbers, **Travis and Arnold** firmed 4 to 300p ahead of next Monday's half-timer, but **Magnet and Southerns** shed 6 to 122p following the chairman's cautious statement at the annual meeting.

ICI moved up to equal its 1984 high of 650p before drifting back to close without alteration at 644p. Among other Chemicals, **Laporte**, initially up to 355p, encountered profit-taking in the wake of the interim results and closed 6 dearer at 348p.

Stores below best

Hopes that consumer spending *would remain relatively buoyant* stimulated initial support of leading Retailers. Prices made headway throughout the session, but many gains were reversed when the sector encountered a flurry of after-hours' selling. **Woolworth** closed 7 lower at 500p, while **House of Fraser**, supported of late following excellent interim figures, gave up 4 to 268p. Only **Gussies "A"** retained a worthwhile rise, closing 10 better at 550p, after 553p.

Secondary Stores showed little deviation from their overnight positions. **Grattan** held at 106p, investors having discounted the first-half profits recovery and resumed interim dividend payment. **MFI** hardened the turn to 156p following the chairman's statement at the annual meeting, while occasional interest was noted for **Foster Bros** 6 up at 116p, and ***H. Samuel* "A."** 3 dearer at 78p. **Lincroft Kilgour**, which recently *fought off a bid* from John Finlan, attracted *revived demand and improved* 6 to 118p.

Late dullness in the Electrical leaders left final quotations well *below the session's best*. Reflecting the trend, **Plessey** ran back *smartly from 230p to close only* 2 up on balance at 222p. Elsewhere, **Telemetrix** featured a rise of 18 at 330p in response to better-than-expected preliminary figures, while **Microfocus**, reflecting the marketing deal with IBM, advanced 40 to 820p. **Bowthorpe** edged up another 5 to 340p and **First Castle** hardened 3 to 127p in response to interim figures.

Leading Engineers tended to be left out of the picture after the previous day's flurry of activity. Elsewhere, **Delta** were actively traded and settled 2½ dearer at 86p, while **Davy Corporation**, a recent speculative favourite, revived with a rise of 4 to 81p. **Vosper**, in contrast, fell 12 to 203p following the half-year figures and warning *about* future prospects. **Benjamin Priest**, *down 3½ at 7p, reflected* the poor interim figures and *proposed capital reorganisation* which included an issue of *Convertible Preference shares*.

A drifting market in recent days in the absence of any takeover developments, **Rowntree Mackintosh** traded briskly in the wake of the satisfactory interim results and closed a couple of pence cheaper on balance at 332p, after 330p. Other leading Foods also ended a shade easier where changed, but **Argyll** firmed 3 to a 1984 peak of 191p following its successful bid for **Amos Hinton**, 13 higher at 423p. The board's strongly worded statement about the company's desire to remain independent sparked off occasional profit-taking in **William Low** which eased 3 to 485p. Elsewhere, **Barker and Dobson**, down ½ at 9½p, *reflected poor interim* results, but USM-quoted **Hunter Saphir** drew *fresh* support and firmed 5 more to 185p.

Beecham improve

Unsettled late by fears of an escalation in the miners' dispute, leading miscellaneous industrials closed well below the highest levels. **Beecham**, up to 376p on talk that the company had received permission to market its drug Augmentin in the Far East, triggered a chart "buy" signal, ran back to close only 5 dearer on the day at 365p. **BOC** closed 7 to the good at 238p, after 242p, while **Boots** settled only 3 firmer at 177p, after 184p. Interest faded in **Metal Box**, which slipped 5 to 328p. Elsewhere, **British Aerospace** were briskly traded in the early dealings and touched 353p before a close of 351p, up 8 on balance. **Cookson**, reflecting its overseas earnings potential, advanced strongly to close 18 higher at 355p. **BETEC**, 60p, and **Bodycote**, 82p, rose 6 and 4 respectively following mid-term trading statements. **Fisons** made further headway at 253p, up 5, while **Smiths Industries** moved up to 600p before closing *7 dearer on the day at 592p*.

As widely anticipated, Mr *Robert Maxwell's* **British Printing and Communication Corporation** *revealed* substantially higher first-half profits but the shares, chased up to 193p ahead of the announcement, encountered profit-taking and dipped to 180p before finally settling a net penny to the good at 185p. **Carlton Communications** advanced 20 to 465p amid unconfirmed reports that a sizeable shareholding had changed hands. Advertising agents **Geers Gross** continued the recent recovery and, on late buying, rose 7 to 123p. Ireland's **Jefferson Smurfit** eased the turn to 136p on the interim results. Publishers *featured* ***Liverpool Daily Post* and Echo** which attracted a lively *trade and rose 9 to 225p, after* 228p, following the 43 per cent expansion in mid-term profits.

Firm initially on revived support, leading Properties drifted back in the absence of follow-through interest to close only modestly higher on balance. **Haslemere Estates**, however, retained a gain of 8 at 494p, while **Hammerson "A"** closed 5 higher at 465p, after 470p. **Churchbury Estates** attracted buyers and touched 710p prior to closing a net 25 up at 700p. Elsewhere, **Clarke Nickolls** firmed 2 to 130p following satisfactory half-year profits, *but* **A. and J. Mucklow** shed 4 to 78p on disappointment *with the property revaluation* which accompanied the interim *results*. *USM-quoted* ***Gilbert House*** were unchanged at 22p *after the annual figures*.

Coats Patons fell 4 more to *121p as investors paid heed to* the company's caution regarding second-half trading. Elsewhere in firmer Textiles, **Dawson** were wanted and rose 6 to 232p, while **Nottingham Manufacturing** firmed a couple of pence to 212p. **George Spencer** gained the turn to 8½p following the reduced interim deficit.

Britannia Arrow remained dull after the disappointing interim figures and closed 2 off for a two-day decline of 7 to 67p; the 9 per cent Convertible gave up 6 points at £100. Elsewhere in Financials, **Yule Catto** fell a couple of pence to 200p following the first-half statement.

Shell move ahead

Recent firmness in international crude oil prices and renewed optimism over the prospects for further oil discoveries off the coast of China engouraged good support for leading Oils, although the best levels were not always held.

Shell were an exception, however, and continued to advance after-hours' to close 17 up at 687p. Demand for Shell increased significantly following another strong performance by **Royal Dutch**, which rose £1¼ more to a 1984 high of £41⅜.

Enterprise put on 4 to a best-ever 202p ahead of Monday's interim results. **Ultramar** added 8 at 255p and **Britoil** 3 at 253p. **BP** touched 518p but ran back to end the day unchanged at 513p, while profit-taking left **LASMO** 8 easier at 338p. **Ranger Oil** *gained* 31 to 600p and **Cluff Oil**, 6 to 83p; both companies *are involved in exploration drilling off the Chinese coast*.

The interim loss and dividend *omission prompted persistent* selling of **Jebsens Drilling** which dropped 13 to 138p. In Irish issues, **Bryson** moved up 15 to 365p following news that the company was commencing drilling its latest exploration well in Colombia.

Golds up again

South African Golds continued to make further progress *and recorded good gains for the* third successive day since the end of the strike by black mineworkers.

Persistent buying interest from Johannesburg coupled with a stock shortage produced widespread and often sizeable rises throughout the list of Golds. However, towards the official close of trading a fresh advance by the dollar, particularly against the Rand, encouraged *a flurry of profit-taking which left the majority of issues a shade below the day's* best levels. The Gold Mines index managed a 12.9 advance to 539.1 for a three-day improvement of more than 39 points.

Bullion was less impressive and retreated from an initial level of around $340 an ounce to close a net $2.2 easier at $338.

Grootvlei highlighted cheaper-priced stocks, strong Johannesburg interest boosting the shares 73 to 702p. Financials remained mixed. The Bermuda-registered ***Minorco*** dropped 30 to 580p ahead of the preliminary results, *scheduled for Tuesday*.

Rio Tinto-Zinc failed to *respond to generally favourable* comment on the interim results and settled a shade easier on balance at *568p*.

Leading Australians edged higher but turnover continued at a low level. **CRA** attracted modest support and closed 6 firmer at 326p, while **Western Mining** and **MIM Holdings** added around 3 apiece at 203p and 178p respectively. **Paringa Mining and Exploration** fell 6 to 67p following the share exchange offer for North *Flinders and proposed A$3.19m* rights issue; North Flinders *rose 5 to 135p on the news*.

Operators displayed fresh enthusiasm for Traded Options. Total contracts struck amounted to 7,192 comprising 5,927 calls and 1,265 puts. The **FTSE 100** index was particularly active, accounting for 1,672 calls and 406 puts. **Beecham** came to life following a chart "buy" recommendation for the underlying shares; calls transacted here totalled 693 with 308 done in the September 360's which spurted 8 to 12p. Elsewhere, *Oils* were wanted and **BP** and **Lasmo** attracted 324 and 352 *calls respectively*.

FINANCIAL TIMES STOCK INDICES

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 14	Sept. 13	Year ago
Government Secs ...	80.15	80.08	79.45	79.97	80.39	80.36	81.81
Fixed Interest	83.52	83.23	82.91	83.22	83.29	83.26	83.94
Industrial Ord.........	868.2	871.8	856.0	859.0	859.4	858.8	708.1
Gold Mines	539.1	526.2	514.5	509.7	514.0	512.1	614.8
Ord. Div. Yield	4.80	4.80	4.87	4.87	4.87	4.87	4.85
Earnings, Yld.% (full)	11.44	11.43	11.61	11.60	11.59	11.60	9.53
P/E Ratio (net) (*).....	10.50	10.51	10.35	10.36	10.37	10.36	13.12
Total bargains (Est.)	18,511	18,816	18,110	16,531	18,037	16,509	19,436
Equity turnover £m.	—	297.99	253.11	230.22	369.76	321.20	192.25
Equity bargains	—	16,608	16,559	16,359	19,145	15,491	15,617
Shares traded (mil)...	—	167.5	157.0	184.8	206.3	176.8	117.6

10 am 869.8. 11 am 873.8. Noon 878.6. 1 pm 878.2. 2 pm 878.8. 3 pm 878.0.

Basis 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.08.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (28/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord.	922.8 (5/5)	765.3 (23/7)	922.8 (5/5/84)	49.4 (28/6/40)
Gold Mines	711.7 (8/5)	465.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 19	Sept. 18
Daily		
Gilt Edged Bargains ...	132.7	148.0
Equities Bargains ...	107.6	107.3
Value	602.5	511.6
5-day Average		
Gilt Edged Bargains ...	154.7	135.1
Equities Bargains ...	109.1	105.6
Value	594.8	590.9

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (127)

INTL. BANK AND OVERSEAS GOVT. STERLING ISSUES (1)
AMERICANS (9)
CANADIANS (2)
BANKS (2)
BUILDINGS (2)
CHEMICALS (7)
STORES (1)
ELECTRICALS (5)
ENGINEERING (6)
FOODS (9)
INDUSTRIALS (24)
INSURANCE (2)
LEISURE (4)
PAPER (2)
PROPERTY (9)
SHIPPING (1)
TRUSTS (43)
OILS (3)
MINES (2)

NEW LOWS (18)

BUILDINGS (1)
Haywood Williams
ENGINEERING (1)
Howard Machinery
INDUSTRIALS (5)
Alfa-Laval AB B, Marshall's Univrsl., Delaney, 7½pc Cnv. Red. Prf., Overstone Invts., PCT Group
LEISURE (1)
Selec TV
MOTORS (1)
Herman Smith
SOUTH AFRICANS (2)
Gold Fields Prop., Tongaat-Hulett
TRUSTS (1)
Akroyd & Smithers
OILS (1)
Moray Firth
PLANTATIONS (1)
Bertam
MINES (2)
Asia Oil & Minerals, Samson Exploration

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‡‡ Introduction. ‡ Unlisted Securities Market. § Placing price. † Figures assumed.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 10	Sept 21	Dec 6	Dec 17
Sept 24	Oct 5	Dec 20	Jan 7
Oct 8	Oct 19	Jan 10	Jan 21

For rate indications see end of Share Information Service

Money was given for the call of **Sangers, Eglinton Oil and Gas, Hill Samuel, Energy Capital, Strong and Fisher, Bristol Oil and Minerals, Johnson and Firth Brown, Belgrave, Asia Oil, Gestetner A, Bula** and **Brunswick**. A put was done in **Riley Leisure**, while a double was transacted in **Henry Wigfall**.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BOC	[illegible]	[illegible]
Beecham	[illegible]	[illegible]
Boots	[illegible]	[illegible]
BPCC	[illegible]	[illegible]
Cookson	[illegible]	[illegible]
LASMO	[illegible]	[illegible]
Laing (J.)	[illegible]	[illegible]
Laporte	[illegible]	[illegible]
Liverpool Daily Post	[illegible]	[illegible]
Midland Bank	[illegible]	[illegible]
Rowntree Mackintosh	[illegible]	[illegible]
Shell Transport	[illegible]	[illegible]

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	22	34
Corpns. Dom. and Foreign Bonds	21	0	58
Industrials	304	224	880
Financial and Props.	216	89	300
Oils	29	23	73
Plantations	1	0	8
Mines	76	20	54
Others	37	76	64
Totals	731	436	1,464

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Thur Sept 20 1984 — Wed Sept 19 — Tues Sept 18 — Mon Sept 17 — Fri Sept 14 — Year ago (approx.)

[illegible]

FIXED INTEREST

[illegible]

BRITISH GOVERNMENT INDEX—LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 32,641

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Sept. 20. Total Contracts 7,192 Calls 5,927 Puts 1,265 * Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105⅞	101⅝	Treas. 15pc 1985	101¾	+ 1/16	14.75	10.40
102¾	100	Exch. 12pc Cnv. '85	100¼xd	.....	11.91	10.52
95⅞	93	Treas 3pc 1985	95	+	3.16	10.65
102⅝	99	Treas 11½pc 1985	100	....	11.44	10.67
99¼	96	Treas 8¾pcCnv '85	98	+	8.92	10.78
104	99⅞	Exch. 12¼pc 1985	101⅛	.....	12.11	11.08
103	99	Exch 11¾pc '86	100¾	....	11.66	11.10
102	96	Treas. 10pcCnv 1986	98½xd	−⅛	10.20	11.39
91	88¼	Treas 3pc 1986	90¼	.....	3.31	9.12
102	96¼	Exch. 10½pc Cv '86	98⅝	−	10.65	11.39
104	99	Treas 12pc 1986	100⅝	−	11.93	11.53
98¼	93½	Treas 8½pc 1984-86‡‡	95½		8.90	11.29
108	102	Exch 14pc 1986	104	−⅛	13.46	11.72
87¼	85	Exch 2½pc 1986	86½	−	2.89	9.52

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1984 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
38⅞	26⅞	Abbott Labs ‖	36¼xd	−1¾	$1.20	—	[illegible]
24⅝	11⅝	Ahmanson (H.F.)	18½	−⅛	$1.20	—	[illegible]
34¼	22⅞	Alcoa $1	27½	−⅛	$1.20	—	[illegible]
39½	21⅝	Allied Corp $1	28½	−½	$1.80	—	[illegible]
18⅝	13¼	Amax $1	15½	.....	20c	—	[illegible]
10⅞	731p	Amdahl 5c	10⅞	+⅛	20c	—	[illegible]
28⅞	10⅝	Amer. Express $0.60	27⅞	−⅞	$1.28	—	[illegible]
20¾	14½	Amer Medical Int $1	19⅛	.....	60c	—	[illegible]
29⅞	20⅞	Amer. Nat. Res. $1	29	−¼	h$1.41	—	[illegible]
16¼	10⅝	American T. & T. $1	15½	.....	$1.20	—	[illegible]
60⅞	43¼	Amerítech $1	60⅞	+⅜	$6.00	—	[illegible]
21½	15½	Amfac ‖	20	....	$1.44	—	[illegible]
30½p	16½p	♥AndTech ‖	30½p	....	—	—	—
16⅛	10¼	Bankamerica $1	15	+¼	$1.52	—	[illegible]
41⅞	27½	Bankers N.Y. $10	41	−⅝	$2.45	—	[illegible]
62⅞	46	Bell Atlantic $1	61¼	.....	$6.40	—	[illegible]
26⅛	19½	Bellsouth $1	26¼	+⅝	$2.60	—	[illegible]
20⅞	12	♥Beth Steel $8	14¼	−⅞	60c	—	[illegible]
20¼	11⅞	Bowater Inc	19⅝	−⅛	Q72c	—	[illegible]
32¼	19⅝	Brown'g-Fer. 16⅔c	31⅝	.....	96c	—	[illegible]
28¼	16⅝	Brunswick Corpn. ‖	27¼xd	−½	80c	—	[illegible]
770p	590p	♥Business Computer	710p	.....	—	—	—
32¼	24¼	CPC Intnl. 25c	32xd	+¼	$2.20	—	[illegible]
54½	39½	Campbell Soup 60c	52	−2½	$2.30	—	[illegible]
36½	25¾	Caterpillar Tractor ‖	27½xd	−½	$1.50	—	[illegible]
36⅞	27¼	Chase M'htn $12.5	35¼xd	−1⅛	$3.65	—	[illegible]
26½	17¼	Chemical New York	25⅛	−½	$2.36	—	[illegible]
30⅝	22⅞	Chesebrough-Pond's $1	30⅝	+¼	$1.92	—	[illegible]
26⅛	15½	Chrysler $6¼	24⅞	−⅜	60c	—	[illegible]

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
		Central African					
280	145	Falcon Z50c	150	.....	Q100c	♦	38.9
17	9½	Wankie Col. Z$1	9½	.....	—	—	—
21	14	Zam.Cpr.SBD0.24	16	.....	—	—	—
		Australians					
[illegible]							

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS — 3-month call rates

[illegible]

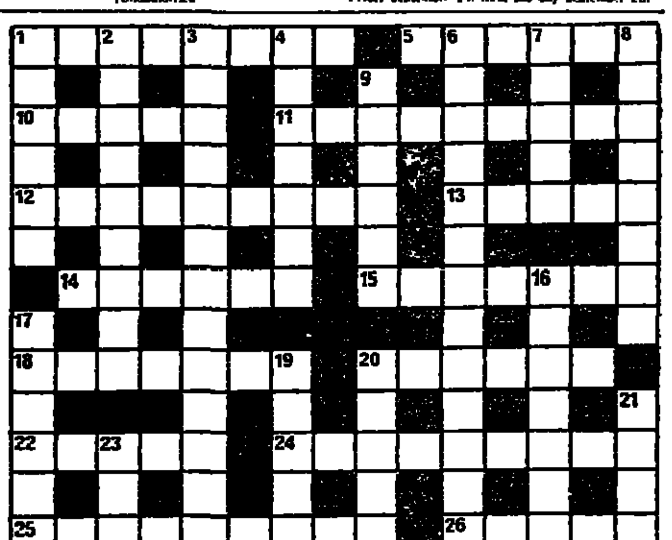
"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,523



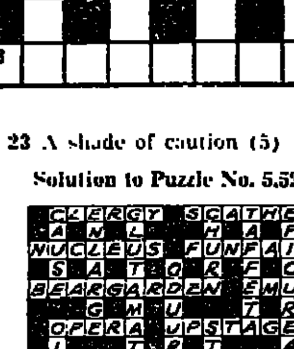
ACROSS

1 Liking for a swan-song (8)
5 A disposition of arms (6)
10 Mohammedan lawyer in plain clothes (5)
11 Reserved, but singularly partisan (2, 3, 4)
12 Girl and fellow kept going (7, 2)
13 Offensive film location (5)
14 Delivery to travel back and forth at the end of April and July (6)
15 Stop the music! (7)
18 Obviously no friend of the soil (7)
20 Received a hero's treatment when landed (6)
22 Cook using the right oven (5)
24 Signal could be a great help (9)
25 Stiff—but relaxing (9)
26 In France it appears friendship is wrong (5)
27 Injured Royal Marine in the head, badly (6)
28 Negative poles seen to change? Absurd! (8)

DOWN

1 Stone upturned by small animals (6)
2 No good at all for use in a riot (9)
3 A stone's-throw? (7, 8)
4 Apparently an off-day for twelve (7)
6 The wearing of the green should be prevented by this notice (4, 3, 3, 5)
7 Posts a slim package (5)
8 Subtle implication, but a patently obvious one (8)
9 Carpenter likely to become a union member? (6)
16 One of mixed origins out on a safari (4-5)
17 It's unusually hot and stormy to be exact (8)
19 Necessitate a note before Latin revision (6)
20 Legal or otherwise, it's a lively movement (7)
21 Virtuous, but possibly cheats (6)
23 A shade of caution (5)

Solution to Puzzle No. 5,522



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd New Barnet 01-440 8210
Fund Managers. Touche Remnant & Co.

Sel Ser A	25 0	26 4		
Blue Chip	19 8	20 9		—
Fixed Yield	18.6	19 6		—
Guaranteed Mny	15 6	16 5		—
Managed	18 7	19 7		—
International	24 8	26 2		—
Property	15 4	16 3		—
Pacific	19 2	20 3		—
Equity	14 9	15 7		—
Special Sits	21 5	22 7		—
Int Currency	13 3	14 1		—
Index Linked Secs	10 6	11 2		—
[illegible]	19 3	20 4		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13 49	14 17		—

Lloyds Life Assurance
20 Clifton St, EC2A 4HX 01-920 0202

Mult Gwth Sept 6	£2 78426			—
Mult Gwth 'A' Sept 6	294.8	268 3		—
Op 8 Prop Sept 20	262 2	276.1		—
Op 8 Equity Sept 20	324 9	342 1	+2.1	—
Op Hy Sept 20	262.5	276.4	+2.7	—
Op B Man Sept 20	319.8	336.7	+3.0	—
Op D Dep Sept 20	196.4	206.8	+0.1	11.76
Op 8 Bond Sept 20	174 8	184.1	+4.0	—
Op 8 Inc Dist Sept 20	136.1	143.3	+1 3	8.40
Op 8 Int Man Sept 20	187 6	197 5	+2.6	—
Op 8 US$ Sept 20	147.3	155 1	+5.0	12.12
Pens B Pr Ac Sept 14	331 1	348.6		—
Pens B Eq Ac Sept 14	885.2	931.8		—
Pens B Fi Ac Sept 14	378 9	398.9		—
Pens B Mo Ac Sept 14	550.5	579.5		—
Pens B Dp Acc Sept 14	308 8	325 1		—
Pens 9Gart Glob Sept 14	100.2	105.5		—
Pens 9 Gart NA Sept 14	105 9	111.5		—
Pens 9Gart Far Sept 14	96.5	101.6		—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	182 6	192 5	+0 5	—
UK Equity	194 7	205 0	+0 9	—
Overseas Fd	187 5	197 4	−0 4	—
Americas	193 4	203 6	−0 7	—
Far East	173 6	182 8	−0 5	—
Property	110 6	116 5	+0 1	—
Fixed Int	156 1	164 4	+0 5	—
Indexed Gilt	97 3	102 5		—
Deposit	111 8	117 7		—

Pension Fund Prices

Man Initial	182 4	192 0	+0.3	—
Man Acc	200 8	211 4	+0 4	—
UK Eq Initial	182 3	191 7	+0 9	—
UK Eq	197 6	208 4	+0 8	—
Overseas Eq Initial	207 3	213 6	−0 4	—
Overseas Eq	235 8	248 3	−0 5	—
Americas Initial	208 4	219 4	−0.8	—
Americas	227.2	239.2	−0 8	—
Far East Initial	216.6	228.0	−0.4	—
Far East	236 7	249.2	−0 4	—
Prop. Initial	105.6	111.2	+0.1	—
Prop.	115 1	121 2	+0 1	—
Fixed Int. Initial	139 9	147 3	+0 5	—
Fixed Int	152 1	160.2	+0 6	—
Indexed Gilt Initial	92 1	97 0		—
Indexed Gilt	100 5	105 8		—
Deposit Initial	110.4	116.3		—
Deposit	120 8	127 2		—

NPI Pensions Management Ltd.

Managed Fund	485 0	497 4		—

Prices Sept 3. Next dealing October 1

New Zealand Ins. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	338.5	348 9		—
UK Equity	148.7	156.5		—
American	256.8	270 3	−1 4	—
Pacific	354 9	373 6	+0.3	—
Property	150 8	158 7	+0.1	—
Gilt	171 7	180 7	−0 1	—
High Inc. Equity	142 5	150.0	+0 4	—
High Inc. Fxd. Int.	104 5	110 0	+0 7	—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Lombard North Central PLC
17 Bruton St, W1A 3DH. 01-409 3434

Notice Dep	10 75	11.04	Rate	14-day

M & G/Kleinwort Benson
91-99 New London Rd Chelmsford. 0245 51651

High Int Cheque Acc.	10 30	10.85	Daily	Call

Midland Bank plc
PO Box 2, Sheffield. 0742 20999 Ext 8738

High Int Chq	10 00	10 38	Qtrl	Call

Save & Prosper/Robert Fleming
28 Western Rd Romford RM1 3LB. 0708 66966

High Int Std Acc	9 62	10 19	Daily	Call
Premier Acc	9 62	10 10	Daily	Call

Tyndall & Co
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241

Demand Acc	10.51	10 43	Qtr	Call
Money Acc	10 50	10 92	Qtr	Chq. 7

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	10 25	10 75	Mth	Call
Over £10,000	10.50	11 02	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. 9 Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

EEC grants more Soviet grain export licences

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission yesterday awarded provisional licences fro grain traders to export more than 4m tonnes of surplus grain to the Soviet Union and other Communist bloc countries in Eastern Europe, if they can obtain contracts without the benefit of any export subsidy.

The traders have been given a further week to find contracts, after failing to finalise deals for some 3m tonnes by this week's deadline.

Officials do not expect the full amount of the licences to be taken up, although the increase from 3m to 4m tonnes reflects the amount of surplus grain available and the interest of an increased number of traders in finding contracts.

The key to their success lies in the increased strength of the dollar, which has gradually reduced the export subsidy required from the EEC in order to sell grain outside the Community. In bidding for contracts without any such restitution, the traders are gambling on a further surge in the dollar.

Traders' interest in seeking the provisional export licences, which only become finalised once they present a firm sales contract, is that they also provide protection against any future decision by the Commission to impose an export levy: this could happen if international grain prices rise above the Community level because of continued dollar strength.

From the Commission's point of view, any export contracts won without an export subsidy at present provides relief for the overspent EEC budget.

Our Commodities Editor writes: The International Wheat Council in its market report out yesterday forecast that grain imports by the Soviet Union in the 1984-85 season could reach a record 46m tonnes compared with 31.5m tonnes in 1983-84.

The report says that "massive imports" by the Soviets are needed to meet another shortfall in domestic output. It notes that demand for feed in Russia will be stimulated by rising livestock numbers and disappointing forage crops.

The council raised its 1984 world wheat crop estimate to a record 507m tonnes. This compares with its July estimate of 505m, and 1983 output of 496m tonnes.

The report comments that EEC wheat yields have exceeded all expectations. Remarkable harvest results meant that the initial forecasts of a record Community wheat crop of 65m tonnes had been raised to 74m tonnes. Last year it was 59.2m

Banana imports rule change soon

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE MARKET position of bananas from the Commonwealth Caribbean is to be protected under British import regulations which come into force on October 1. The rules will also consolidate the position of the larger companies which import so-called "dollar fruit" from areas outside the Commonwealth Caribbean, while giving slightly increased trading opportunities to the smaller traders in the British banana market.

The rules have been drafted after prolonged legal hearings in Britain and before the European Court over the legality of existing British controls on imports. Chris International, a small London trader, challenged the regulations which, it argued discriminated in favour of the larger companies.

From next month, smaller traders will be granted licences to import a fixed percentage of the dollar fruit need to make up any shortfall from the Commonwealth Caribbean and satisfy the British market.

The licences will run for 15 months from October 1. The bulk of the trade in dollar bananas will still be reserved to the large companies, notably Fyffes (United Brands), Geest and Jamaica Producers. The "big three" will be allocated about 80 per cent of the licences to import dollar bananas instead of being able to control about 90 per cent of the dollar banana trade as at present.

Several dozen smaller banana importers are expected to obtain licences. The Department of Trade is refusing to publish details of the shares being allocated to either group.

It is expected that new cultivation methods and tighter quality control will allow the Commonwealth Caribbean producers to satisfy all the demands of the British market in a few years' time. British banana consumption is about 310,000 tonnes a year, of which about 140,000 tonnes come from the Windwards, about 80,000 tonnes from Jamaica and the balance of around 90,000 from dollar areas.

Until last year, licences were issued by the Ministry of Agriculture, Fisheries and Food

August milk output lowest since '76

MILK OUTPUT in England and Wales dropped last month to the lowest August figure since 1976, according to the Milk Marketing Board.

Total sales off farms, at 843.7m litres, were down by 135.7m litres, or 13.9 per cent, on August 1983. EEC quotas, combined with the drought, are blamed for the fall.

There was again a slight (1.4 per cent) drop in milk used for liquid consumption — 458.9m litres, compared with 506.2m litres a year ago. Only 343.4m litres were used for manufacturing, however, a 27.2 per cent fall from the August 1983 figure of 471.8m litres.

● BRAZILIAN exporters of frozen concentrated orange juice were free to begin exporting quota from their January-March quarter entitlement immediately, with a minimum price for sales at $1,800 per tonne fob, an official at the Banco do Brasil's Foreign Trade Department said.

He said the export quota for the first quarter of 1985 will also be 150,000 tonnes, the same as the October-December quota.

● CITRUS CANKER cases discovered in Florida yesterday bring the total of nurseries affected by the disease to five, forcing the state authorities to tighten their quarantine measures, according to a Florida state official.

● MEMBER countries of the International Natural Rubber Organisation want to revise the buffer stock system after the present agreement expires in October 1985, Mr Dieor Stiepel, deputy executive director, said.

F. W. Allen, secretary general of the International Rubber Research and Development Board said that the consensus among experts is that by the year 2,000 world rubber consumption will be 18m tonnes, of which natural rubber will account for 6m, up from 4m in 1984.

The misunderstood modern farmer

AN ELDERLY relative of mine floored me the other day with the questions: "Why are farmers costing huge sums in subsidy building mountains of surplus food and destroying the countryside in the process?" I did my best to explain things to her in order to exculpate myself, but I am sure her mind had been so influenced by the television and the Press as to remain unconvinced even by someone as persuasive as myself.

She is joined in this attitude by the majority of the UK population, who have no connection at all with farming. The National Farmers' Union is deeply conscious of this and is constantly reminded of the public's hostile attitude by resolutions from its constituent branches demanding action to counter this criticism. NFU headquarters does its best with Press statements and public speeches. Their only purpose, or at least their only effect it seems to me, is to show the members that something is being done on their behalf.

For it is an undeniable fact that the majority of NFU members who do not go to meetings become easily impatient when they read or see these attacks in the media. They know that the union has a publicity department which they imagine could insist that only the truth, or what they see as the truth, should appear before the public.

So in the public relations game the NFU has to win the hearts and minds not only of the general public but of its own members as well. An impossible job and one's sympathy should go out to Mr Warren Newman who has been recruited to head it.

Farmer's viewpoint: by John Cherrington

He faces a very tough job. To begin with he has to convince the 97½ per cent of the population who are not farmers of the worth of farmers to the nation in spite of costs; and surpluses already well publicised. Apologists for the industry will claim that 10 per cent of the population is the true figure of those involved counting the ancillary industries. However, they are not the focus of the public's attack which is confined to the farmer, farming his land.

One does not find this prejudice anything like as strongly held in the other EEC countries, which is a reflection of the numbers involved in European farming where farms are much smaller. This means many more farmer votes and what is more the support of relatives who have often a vested interest in the prosperity of the land through rents or shares of the farming business.

British farmers are apt to scoff at the small size of most European farms and at the measures which are taken to restrict farm size roughly to fit a family workforce. But while the enclosure Acts and the unrestricted growth of farm businesses and the development of corporate or institutional farming has undoubtedly made for farming efficiency, it has made the winning of politicians and the publics' minds an almost impossible task.

There is an increasing lack of understanding between farmers and the public, particularly that portion living in rural areas. Few of these have any connection with farming at all, looking on village life as an amenity, a contrast to city or industrial life.

They have escaped from the dark Satanic mills and the office blocks and are horrified to discover that the modern farmer looks on his acres as his factory, which he works with noisy and dangerous machines, treating the crops with poisonous chemicals and polluting the air with burning crop residues. Or if he has livestock the smell of their manure when being spread occasions even more complaints. Farmers do not understand why the drainage of a swamp into viable farmland should be the business of anyone but the owner.

Most farmers' response to the criticism has been to try to meet it with reasonableness, as they seem to have done this year with strawburning. That is only one part of the problem. On the question of excess production, poisonous sprays, the destruction of the environment and other causes of complaint, the tactic seems to be to keep their heads down and hope that one day common sense will prevail and the storm will pass. But will sense ever guide the modern rural dweller? That is not for me to say.

Slaughterhouse merger likely

By Hilary Barnes in Copenhagen

TWO OF Denmark's largest co-operative slaughterhouses and meat processing companies, Tulip and Expo-Fyn, plan to merge later this year.

The result will be one of Europe's largest slaughterhouse groups, processing about 3m pigs a year with turnover in excess of DKr 5bn (£0.36bn).

The merger has been approved by the representative councils of the two co-operatives, but could be stopped in the unlikely case that the individual members refuse to support it.

More pressure on zinc

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC VALUES came under further pressure on the London Metal Exchange yesterday as other North American producers followed the move by Jersey Miniere to cut its U.S. domestic selling prices by 3c to 46c a lb. Cash zinc closed £10.50 down at £601.50 a tonne.

Amax also cut its domestic U.S. lead price by 4c to 24c coming into line with reductions

The lack of progress in attempts to settle the strikes at the General Motors plants was a generally depressing influence, but it was offset to a large extent by the renewed fall in the value of sterling against the dollar.

Weak sterling was the prime influence in pushing London tin prices to record levels, as the buffer stock of the International Tin Council raised its support buying levels. Cash tin closed £122.50 up at £9,817.50

Nickel prices also reached new peaks. Aluminium was boosted by sterling and news from the International Primary Aluminium Institute that daily production in the non-Communist world fell back in August to 34,300 tonnes

Israel orders Thai tapioca

By Boonsong K'Thana in Bangkok

THE METRO GROUP, one of Thailand's giant commodity traders, has signed a contract worth more than $130m (£106.5m) with Koortrade, a semi-state-owned Israeli trading house, for the supply of 1m tonnes of Thai tapioca pellet and 150,000 tonnes of 100 per cent white rice.

The five-year agreement is the first tapioca and rice trade accord ever between the two countries.

Shipments will be spread over a five-year period starting immediately. The tonnage of each shipment is not known.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 20 1984	+ or —	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	$1055/1065		$1180/210
Copper			
Cash h Grade	[illegible]	—1.5	£1035
3 mths	£1046.75	—1.5	£1061.25
Cash Cathode	£1027.5	+0.5	£1047
3 mths	£1044	—3	£1052.5
Gold troy oz	$336	—2.25	$352.25
Lead Cash	£310.25	+1.25	£360.5
3 mths	£319	+0.5	£363.25
Nickel	£5333		£5202
Free Mkt	212.232c		212/252c
Palladium oz	$137.25	—0.5	$138.00
Platinum oz	$320.75	—2.25	$344.00
Quick Silver†	$305/315		$300/310
Silver troy oz	575.35p	+0.75	584.40p
3 mths	589.65p	+0.05	598.00p
Tin cash	£9817.5	+122.5	£9850
3 mths	£9735	+110	£9202.5
Tungsten	$85.27		$89.56
Wolfram 22.04lb	$82/86		$80/83
Zinc	£601.5	—10.5	£628
3 mths	£599.5	—5	£638.75
Producers	$940		$990

	Sept. 20 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1250v		$975
Groundnut	‡		‡
Linseed Crude	‡		‡
Palm Malayan	$650x	+20	$560
Seeds			
Copra Phil	$670y	+20	‡
Soyabean (U.S.)	$246w	+0.5	$263.25
Grains			
Barley Fut. Nov.	£107.50	—0.25	£109.05
Maize	‡		£153.00
Wheat Fut. Nov.	£106.05	—0.90	£108.80
No2 Hard Wint.	‡		‡
Other commodities			
Cocoa ship't*	£2045	+15	£1901
Futures Dec.	£1964.5	+16.5	£1761
Coffee Ft. Nov.	£2448	+0.5	£2397.5
Cotton A index	72.55c	+0.2	75.20c
Gas Oil Oct	$241	—1.25	$237.25
Rubber (kilo)	63p		61p
Sugar (raw)	$109vx		£89
Wooltops 64s	470p kilo	+5	466p kl

‡ Unquoted. w Oct. x Nov. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The gas oil market opened a shade higher, but quickly moved back to unchanged. It remained in a narrow range until mid-afternoon, when a weaker New York put pressure on London, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.80-27.85	+0.02
Dubai Fateh	27.35-27.45	—
Arab Heavy	26.95-27.10	—
North Sea (Forties)	28.30-28.35	—
North Sea (Brent)	28.45-28.60	—
African (Bonny L'ht)	28.50	—

PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	261-266	—
Gas Oil	244-246	+1
Heavy fuel oil	179-181	+0.5

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept	238.25	—0.25	240.00-38.25
Oct	241.00	—1.25	243.25-41.00
Nov	245.25	—0.50	247.00-45.00
Dec	248.50	—1.25	250.75-48.50
Jan	249.50	—1.00	251.25-49.75
Feb	248.00	—1.00	249.50-48.00
March	245.00	+4.00	248.00-45.00
April	239.00	+2.00	239.00

Turnover: 1,782 (3,321) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $337¼-337¾. The metal opened at $340¼-341¼ and traded between a high of $341-341¼ and a low of $337¼-338. Much of the weaker trend was attributable to the dollar upturn following U.S. GNP figures.

In Frankfurt the 12½ kilo bar was fixed at DM 33,890 per kilo ($340.97 per ounce) against DM 33,740 ($339.30) and closed at $338¼-339 from $340½-340¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $341.00 form $340.50.

In Zurich gold finished at $338-338½ from $340-340½.

In Paris the 12½ kilo bar was fixed at FFr 103,500 per kilo ($339.30 per ounce) in the morning compared with FFr 103,500 ($339.26) on Wednesday afternoon.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Sept	—	—	—
Oct	339.30-39.60	—	341.30-40.10
Dec	345.50-45.60	+2.55	348.50-45.50
Feb	355.70	—	355.30-52.70
April	361.00	—	—
June	365.00-64.00	—	—
Aug	—	—	—

Turnover: 225 (117) lots of 100 troy ounces.

	Sept. 20	Sept. 19
Gold Bullion (fine ounce)		
Close	$337¼-337¾ (£277¼-277½)	$340-340½ (£274½-275)
Opening	$340¼-341¼ (£276½-278¼)	$339½-340 (£275¼-275½)
Morning fixing	$340.00 (£276.637)	$340.00 (£275.446)
Afternoon fixing	$338.75 (£276.748)	$340.00 (£274.368)

Gold and Platinum Coins Sept. 20			
Krugrnd	$348½-349½ (£286½-286¾)	King Sov	$80-81½ (£65½-66½)
½ Krug.	$179¼-180¼ (£147¼-148¼)	Victoria Sov	$80-81½ (£65½-66½)
¼ Krug.	$91½-92½ (£75-76)	French 20s	$62½-64½ (£51¼-53)
1/10 Krug.	$37½-38½ (£30¾-31½)	50 Pesos Mex	$420-425 (£344½-348½)
Mapleleaf	$348½-349½ (£286½-286¾)	100 Cor Aust	$331-334 (£271½-274)
New Sov.	$79½-80½ (£65¼-66)	$20 Eagles	$500-530 (£410-435)
½ New Sov.	$48½-49½ (£39¼-40½)	Noble (Plat.)	$329½-335 (£270½-273½)

EUROPEAN MARKETS

ROTTERDAM, September 20

Wheat—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter Oct 156.25, Nov 158, Dec 159.25. U.S. No. 2 Northern Spring, 14 per cent protein: mid-Sept/mid-Oct 171.50, Oct 171, Nov 173, Dec 178. U.S. Northern Spring 15 per cent protein Sept 184, Oct 183.50, Nov 187.50; U.S. three Hard Amber Durum Sept 192, Oct 185, Nov 188, mid-Nov-mid-Dec 191, April-May 204; Canadian one Western Amber Durum Oct 204, Nov 206, Nov-Dec 211.

Maize—(U.S. $ per tonne) U.S. No. 3, Yellow, Afloat 157, Sept 149, Oct 129, Nov 137.50, Dec 138, Jan-March 141, April-June 142, July-Sept 143; Argentine Plate Oct 166, April-June 153 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. two Yellow Gulfports Oct 240, Nov 239.40, Dec 241.75, Jan 246.25, Feb 249.25, March 252, April 254.50, May 255.25 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent Oct 186, Nov-Dec 189, Nov-March 173 sellers; Pellets Brazil afloat 172, Sept 172, Oct 175.50, Nov 181, Dec 184, Jan-March 183 sellers; Pellets Argentine afloat 163, Sept 163, Oct 163, Oct-Dec 166.50, Jan-March 180 sellers.

Sugar—(FFr per tonne): Oct 1525-1540, March 1571-1573, May 1625-1630, Aug 1680-1690, Oct 1720-1745, Dec 1750-1770.

Cocoa—(FFr per 100 kg): Sept 2595-2580, Dec 2258-2260.50, March 2190-2199, May 2185 bid, July 2185 bid, Sept 2190 bid, Dec 2195 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper opened at £1,053 in early trading, boosted by talk of Japanese buying, but subsequently fell back to close at £1,050. The sharp fall in sterling during the afternoon saw forward standard tin advance ahead and Nickel move up to £3,945. Lead dipped to £312.5 before rallying to close at £319 following industry buying.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1030-.5	+5.25	1025-6	—1.5
3 months	1051-.5	+5	1046.5-7	—1.5
Settlem't	1030.5	+5	—	—
Cathodes				
Cash	1033-4	+8.5	1027-8	+.5
3 months	1049-50	+5	1043.5	—3
Settlem't	1034	+8	—	—

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,030, 30.5, three months £1,050, 50.5, 51, 51.5. Cathodes: Cash £1,033, three months £1,050. Kerb: Higher Grade: Three months £1,052, 51.5, 52, 52.5, 53. Afternoon: Higher Grade: Three months £1,051, 51.5, 52, 51.5, 51, 50, 49, 48, 48.5, 48, 47, 46.5. Cathodes: Cash £1,028. Kerb: Higher Grade: Three months £1,048, 48, 48.5, 49, 50. Turnover: 27,075 tonnes. U.S. Producers: 62-65 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9740-5	+27.5	9815-20	+122
3 months	9660-70	+8.5	9750-60	+110
Settlem't	9745	+25	—	—
Standard				
Cash	9740-5	+27.5	9815-20	+122
3 months	9643-5	+5	9730-40	+110
Settlem't	9745	+25	—	—
Straits E.	$29.15		—	—

Tin—Morning: Standard: Cash £9,740, three months £9,640, 45. Kerb: Standard: Three months £9,645, 50, 55, 50. Afternoon: Standard: Cash £9,800, 20, three months £9,690, 9,700, 10, 20, 25, 30. Kerb: Standard: Three months £9,720, 25. Turnover: 2,750 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	303-.5	—3.37	310-.5	+1.25
3 months	312.5-3	—4.25	[illegible]	+.5
Settlem't	303.5	—3.25	—	—

Lead—Morning: Cash £303, 03.25, three months £313, 13.5, 14, 13, 12.5, 13, 12. Kerb: Three months £314. Afternoon: Three months £314, 15, 16, 17, 18, 18.5, 18, 19. Kerb: Three months £319, 18.5, 18, 17.5, 18, 18.5. Turnover: 12,475 tonnes. U.S. Spot: 24-28 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	601-2	—14.5	601-8	—10.5
3 months	598-9	—8.75	599-600	—5
Settlem't	602	—15	—	—

Zinc—HIGH GRADE OFFICIAL / UNOFFICIAL PRICES: Cash £605-£608. Morning: Three months £601, 600, 599.5, 99, 98.5, 98. High Grade: Three months £605. Kerb: Three months £599, 99.5, 99, 98.5. Afternoon: Three months £604, 05, 04, 03, 05, 04, 03, 02.5, 02, 01, 00, 599. Kerb: Three months £599, 99.5, 600, 01, 01.5, 02, 03, 04. Turnover: 12,925 tonnes. U.S. Prime Western: 48.00-48.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	803-4	+2.5	810-11	+18.5
3 months	827-.5	+3	834-5	+19

Aluminium—Morning: Cash £803.5, three months £826, 27, 27.5, 28, 27, 27.5. Kerb: Three months £827.5, 28. Afternoon: Three months £832, 32, 32.5, 33.5, 34, 35, 36, 37, 38, 39, 40, 41, 40, 35.5, 39. Turnover: 41,800 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3785-95	—7.5	3850-5	+52.5
3 months	3865-6	—12	3940-5	+45

Nickel — Morning: Three months £3,890, 91, 85, 90, 85. Kerb: Three months £3,885. Afternoon: Three months £3,920, 21, 16, 25, 35, 40. Kerb: Three months £3,950. Turnover: 1,038 tonnes.

SILVER

Silver was fixed 0.75p an ounce higher for spot delivery in the London bullion market yesterday at 575.35p. U.S. cent equivalents of the fixing levels were: spot 712c, down 0.05c; three-month 731.4c, down 1.4c; six-month 752.3c, down 1.8c; and 12-month 801.5c, up 2.2c. The metal opened at 578-581p (715-718c) and closed at 579½-582½p (708-709c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	575.35p	+0.75	579.25p	+6.75
3 months	589.65p	+0.05	594.75p	+7.25
6 months	605.10p		—	
12 months	640.10p	+3.50	—	

LME — (2,000 oz contract): Cash 579.25p (572.5p); three months 594.75p (587.5p). Turnover: 0 (0). Turnover: 58 (23) lots of 10,000 ozs. Morning: Large 2nd ring three months 591.3. Kerb: large three months 590.5. Afternoon: large 1st ring three months 583; 2nd ring three months 594.5. Kerb: large three months 596, 99.

COCOA

Futures traded actively in a £30 range and closed steadier. Physical interest was muted and only light secondhand business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	2262-63	+25.5	2272-45
Dec	1964-65	+15.5	1970-40
March	1889-90	+9.0	1890-73
May	1879-80	+10.0	1882-68
July	1876-80	+14.0	1880-67
Sept	1862-80	+3.0	1874-67
Dec	1830-70	—6.0	—

Sales: 5,025 (8,135) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for Sept 20: 103.68 (104.63); five-day average for Sept 21: 104.37 (104.48).

COFFEE

Robusta prices were under pressure in quiet morning dealings, reports Drexel Burnham Lambert. Trade support near the lows of the range prompted a recovery in the afternoon but volume was light both in London and New York and prices ended little changed. Physical offtake remains slow while the ICO talks continue.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	2420-22	—1.0	2430-13
November	2447-49	+0.5	2454-35
January	2374-75	—3.0	2383-69
March	2230-32	+7.5	2235-12
May	2196-97	+0.5	2193-80
July	2165-70	+11.0	2162-61
Sept	2145-46	+10.5	2150-30

Sales: 1,563 (7,906) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for September 19: Comp daily 1979 141.00 (140.78); 15-day average 144.72 (145.27).

GRAINS

Old crop values eased gradually throughout the day reflecting a weaker physical market due to lack of export news. Barley was again fairly quiet, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Sept	103.75	—0.60	105.15	—0.20
Nov	106.05	—0.60	107.50	—0.25
Jan	109.75	—0.60	111.05	—0.35
Mar	113.15	—0.60	114.05	—0.35
May	116.65	—0.50	116.75	—0.35
July	118.65	—0.65	—	—

Business done—Wheat: Sept 104.20-4.00, Nov 106.60-6.05, Jan 110.40, 10.00, March 113.50-3.25, May 117.00-6.70, July untraded. Sales: 325 lots of 100 tonnes. Barley: Sept 105.40-5.35, Nov 107.75 only, Jan 111.25-1.05, March 114.25-4.05, May 117.10-7.00. Sales: 49 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S East 102.00, W. Mids 102.70, N. West 99.30. The UK monetary coefficient for the week beginning Monday September 24 is expected to remain unchanged.

LONDON GRAINS—Wheat: Cwrs No 1 13½ per cent on-gulf transhipment Oct 163: U.S. Dark Northern Spring No 1 15 per cent half Sept-half Oct and Oct 150, Nov 152, half Nov-half Dec 153 transhipment East Coast; U.S. No 2 Soft Red Winter Oct 138, Nov 140.25, Dec 141.25; English feed fob Oct 106, Oct-Dec 109, Jan-March 115 sellers East Coast. Barley: English feed fob Oct 108.25, Nov 111, Dec 112.50 Scottish, Jan-March 116 English. Rest unquoted.

PIGMEAT

Prices opened slightly higher after physical prices rose overnight. Profit-taking and fresh short positions halted the rise and the market closed slightly down, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	128.30	128.40	128.60-27.90
Nov	129.10	129.30	129.50-28.50
Feb	120.30	120.20	120.50-20.30
April	119.10	119.10	119.00
June	117.20	117.40	—
Aug	116.00	116.00	116.00

Sales: 163 (92) lots of 50 carcases, 3,250 kg.

POTATOES

Nervous short-covering on the opening encouraged by heavy overnight rain in the eastern growing areas, plus forecasts of more rain caused the market to jump on expectations that liftings will be hampered. Volume improved slightly during the afternoon as values picked up to close steady.

Month	Yesterday's close	Previous close	Business Done
Nov	65.00	62.90	65.00-64.00
Feb	75.00	72.00	74.00
April	87.20	84.90	87.50-85.10
May	93.80	91.80	93.50-93.00
Nov	77.60	78.00	—

Sales: 388 (460) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted no interest throughout the day and closed inactive, reports Lewis and Peat. Closing prices (buyers): Spot 63.00p (same); Oct 77.25p (same); Nov 77.25p (77.50p). The Kuala Lumpur Oct fob prices for RSS No 1 was 218.0 (217.5) cents a kg and for SMR 20 was 201.5 (202.0).

FUTURES—Close (buyer, seller, business). RSS No 1 per tonne. Oct 615, 685; Nov 630, 670; Dec 650, 685; Jan 640, 695; Feb 655, 705; March 665, 715; April 675, 725; May 685, 735; June 695, 745; 1984 Oct/Dec 620, 680; 1985 April-June 695, 735, 700. Sales: 1 (7) lots of 15 tonnes, 0 (27) lots of 5 tonnes.

SOYABEAN MEAL

The market opened unchanged in thin trade, reports T. G. Roddick. During the afternoon commission houses sold into a weaker market.

	Yesterday's close	+ or —	Business done
	£ per tonne		
October	154.00-54.80	+0.40	154.50-54.00
Dec	156.90-57.00	—0.45	157.30-57.00
Feb	143.80-44.20	—0.85	145.80-44.80
Apr	145.00-45.30	—0.85	—
June	144.50-45.20	—0.15	144.50
August	146.50-48.00	—2.25	147.80
October	147.60-50.00	—0.70	—

Sales: 42 (48) lots of 100 tonnes, 132 (421) lots of 20 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $86.00 (£109.00), down 50c (unchanged) a tonne for Sept-Oct-Nov delivery. White sugar $163.00, down $1.50.

The market attempted to consolidate the overnight gains in moderate trading conditions, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	116.60-16.80	114.20-14.40	116.40-12.60
Dec	129.20-23.40	125.80-26.00	126.60-24.40
Mar	145.40-45.60	143.80-44.00	145.80-41.80
May	155.20-53.60	151.60-51.80	155.80-49.80
Aug	163.00-65.20	161.00-61.60	165.00-58.80
Oct	171.40-71.60	169.50-69.80	171.40-68.80
Dec	176.00-79.00	176.20-79.00	—

Sales: No 6 4,039 (3,231) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £200.50 (£201.50) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices for September 19: Daily price 3.60 (3.78); 15-day average 4.17 (4.20).

COCOA

‡ Unquoted. w Oct. x Nov. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 95.81p per kg lw (+0.87). GB—Sheep 140.07p per kg est dcw (+1.99). GB—Pigs 92.99p per kg lw (—4.00).

SMITHFIELD—Pence per pound. Beef — Scotch killed sides 76.0 to 83.0; English forequarters 54.5 to 57.0; Eire hindquarters 86.5 to 92.0. Veal—Dutch hinds and ends 127.0 to 133.0. Lamb —English small 60.0 to 68.0; medium 58.0 to 64.0, heavy 57.0 to 59.0; Scotch medium 59.0 to 61.0, heavy 56.0 to 59.0; Imported: New Zealand PL 66.3 to 67.3, PX 60.0 to 61.0, YL 63.3 to 64.5. Pork—English under 100 lb 55.0 to 66.0, 100-120 lb 59.5 to 64.0, 120-160 lb 53.0 to 60.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package unless otherwise stated. English Produce: Apples — per pound, Cox's 0.26-0.28, Bramley new crop 0.11-0.13, Howgate 0.08-0.09, Discovery 0.12-0.15, Russets 0.18-0.20, Worcester Pearmain 0.15-0.19, Tydeman's Worcester 0.13-/.16, Russets 0.18-0.20, Katy 0.18-0.20. Pears—per pound William's 0.07-0.09, Conference 0.12-0.16. Plums—12 lb, Victoria 2.40-3.00, Damson 2.40-2.50, Manorie's Seedlings 2.40-2.50. Raspberries—½ lb 0.80-0.90. Strawberries—½ lb 0.30-0.50. Potatoes—per bag 56 lb, 2.00-2.80, bakers 5.50-6.00. Mushrooms—per pound, open 0.65-0.70, closed 0.75-0.90. Lettuces—per tray, round 1.20-1.40, Cos doz. 1.50-1.60; Webb's 1.60-1.80; Iceberg 12s 4.00-4.50, 15s 3.50. Carrots—28 lb new crop 1.00-1.60. Greens—Primo 1.50-1.60. Tomatoes—tray 12 lb 1.70-1.80. Cucumbers—tray 2.70-3.20. Cauliflowers—doz, Lincs. 2.80-3.50. Spring Onions—bunch 0.08-0.09. Radishes — bunched 0.12-0.14. Celery—prepack 2.60-3.00; loose 1.60-2.00. Watercress—Ice pack 20s 3.40-3.50. Salad — Crispa 16s 1.00-1.10. Courgettes—per pound 0.30-0.35. Stick beans—per pound 0.25-0.30. Beetroots—bags 28 lb 1.80-2.00. Onions—55-lb bag 3.00-3.60. Calabrese—per pound 0.80-0.90. Capsicums—per pound 0.28-0.30. Sprouts—per pound 0.20-0.26. Marrows—doz. 1.80-2.00. Corn on the cob—each 0.10-0.14. Fennel—tray 10 lb 3.00-3.50. Leeks—per pound 0.26-0.30. Swedes—28 lb 1.50-1.70. Parsnips—28 lb 2.60-2.80. Cobnuts—per pound 0.45-0.50.

INDICES

FINANCIAL TIMES

Sep. 19	Sep. 18	M'th ago	Year ago
289.35	289.35	292.94	292.15

(Base: July 1 1952 = 100)

REUTERS

Sept 20	Sept 19	M'th ago	Year ago
1863.7	1863.8	1840.0	1887.0

(Base: September 18 1931 = 100)

MOODY'S

Sept. 11	Sept. 10	M'th ago	Year ago
978.3	993.6	1015.5	1056.8

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Sept. 11	Sept. 10	Month ago	Year ago
Spot	125.31	128.05	131.63	141.7
Fut	125.12	127.14	139.24	149.11

(Base: December 31 1974 = 100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 558.0, 559.0, 558.1-558.0; Dec 562.0, 565.0, untraded; March 575.0, 578.0, untraded; May 579.0, 582.0, 678.0; July 584.', 585.0, untraded; Oct 570.9, 592.0, untraded; Dec 579.0, 596.0, untraded; March 595.0, 600.0, untraded. Sales: 11.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 505, 509, 509-506; Dec 515, 517, 517; Jan 515, 517, 519-518; March 523, 524, 528-523; May 520, 530, 531-530; Aug 540, 542, 545-543; Oct 542, 545, 547-546; Dec 543, 546, 548; Jan 546, 547, 550-548; March 552, 556, 558. Sales: 99.

COTTON

LIVERPOOL — No spot or shipment sales were recorded. Business was at minimal levels. Few contracts were mentioned and the volume of interest on forward account was severely restricted. Minor purchases were sought in specialist growths.

AMERICAN MARKETS

NEW YORK, September 20

Gold and silver rallied on a lack of follow-through selling in response to the weak tone to currencies which prompted short-covering and fresh buying interest, reports Heinold Commodities. Copper remained weak on bearish U.S. economic indications. Sugar was firm on light commission house buying in response to the rally in precious metals. Cocoa came under pressure from dealer and arbitrage selling as new crop prospects still point to a slight surplus. Despite arbitrage selling coffee attracted light roaster support to show modest losses. Cotton was slightly lower on commission house selling in response to weakness in currencies and the negative implications for export demand. The soyabean complex was weak on selling based on expectations of a bearish Soyabeans stock carryover estimate. Maize and wheat attracted light commercial support on reports of export interest. Light profit-taking following recent gains put pressure on heating oil values.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	44.90	45.40	45.35	44.85
Oct	44.95	—	—	44.96
Dec	46.00	46.40	45.50	46.05
Jan	46.55	46.70	46.70	46.60
March	47.60	47.90	47.60	47.65
May	48.70	49.00	49.00	48.70
July	49.90	—	—	49.75
Sept	50.85	—	—	50.80
Dec	52.45	—	—	52.40
Jan	53.00	—	—	52.95

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2286	2295	2240	2298
March	2220	2228	2185	2236
May	2191	2220	2191	2237
July	2225	—	—	2250
Sept	2230	—	—	2253
Dec	2250	—	—	2253

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	138.74	39.05	38.10	38.75
March	136.80	37.00	36.55	36.89
May	135.60	35.60	35.25	36.75
July	135.00	35.00	34.25	34.75
Sept	133.63	33.25	33.25	33.50
Dec	132.01	—	—	31.88

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	55.50	55.60	55.00	55.85
Oct	55.55	—	—	55.90
Nov	56.20	—	—	56.55
Dec	56.85	57.10	56.90	57.20
Jan	57.45	57.35	57.35	57.80
March	58.65	58.85	57.75	59.00
May	59.80	59.90	58.90	60.15
July	60.95	61.05	60.25	61.30
Sept	62.10	62.30	61.15	62.45
Dec	63.85	63.75	63.20	64.20

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	63.45	63.55	63.35	63.60
Dec	64.57	64.74	64.45	64.68
March	66.42	66.63	66.36	66.58
May	67.60	67.72	67.60	67.72
July	68.82	68.94	68.75	68.90
Oct	69.40	—	—	69.50
Dec	69.90	77.00	69.95	70.05
March	70.41	70.60	70.60	70.70

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29.56	29.65	29.55	29.62
Dec	29.74	29.85	29.72	29.80
Jan	29.69	29.82	29.69	29.75
Feb	29.60	29.68	29.64	29.67
March	29.49	29.35	29.35	29.59
April	29.44	29.52	29.52	29.52
May	29.50	—	—	29.41

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	342.4	—	—	340.9
Oct	343.0	348.0	338.7	341.7
Dec	349.3	354.5	344.6	348.0
Feb	356.7	360.5	351.2	354.4
April	361.9	363.5	357.8	360.7
June	368.7	371.0	364.0	367.5
Oct	382.5	384.5	377.5	381.4
Dec	389.8	391.8	385.5	382.8
Feb	397.4	—	—	396.4
April	405.0	—	—	404.1
June	413.4	—	—	412.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Oct	81.50	82.20	81.41	82.04
Nov	82.75	83.15	82.65	83.12
Dec	83.70	84.05	83.60	84.14
Jan	84.25	84.56	84.00	84.90
Feb	84.00	84.30	83.86	84.50
March	80.80	80.96	80.70	81.10
April	79.00	—	—	79.50

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	183.50	83.50	81.60	79.70
Jan	183.15	83.40	81.30	79.35
March	182.50	82.90	81.20	78.00
Sept	179.40	79.25	77.00	74.50
Nov	177.90	74.00	74.00	73.90
Jan	177.90	—	—	73.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	321.2	321.0	321.0	320.4
Oct	322.4	328.0	318.5	321.6
Jan	330.7	334.6	327.5	330.5
April	391.1	341.0	337.0	339.4
July	347.9	347.5	347.5	349.5
Oct	357.2	—	—	356.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	725.5	728.0	707.0	712.2
Oct	727.2	—	—	714.2
Nov	734.1	—	—	721.1
Dec	741.0	750.0	721.5	728.0
Jan	747.8	745.0	745.0	734.8
March	761.6	766.5	742.0	748.5
May	775.4	785.0	757.5	762.0
July	789.9	796.0	771.0	776.5
Sept	805.3	803.0	798.0	791.7
Dec	829.9	833.0	806.0	815.9

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	4.94	4.97	3.94	3.97
Jan	4.75	4.78	4.65	4.68
March	5.33	5.35	5.23	5.25
May	5.68	5.70	5.60	5.65
July	5.98	6.01	5.92	6.01
Oct	6.47	6.48	6.40	6.48
Jan	6.91	6.87	6.80	6.80

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.12	62.36	62.07	62.20
Dec	63.07	63.50	63.05	63.27
Feb	63.72	64.07	63.70	64.00
April	65.27	65.52	65.15	65.32
June	66.30	66.45	66.12	66.35
August	64.45	64.55	64.25	64.40
Oct	63.20	63.20	63.00	63.15

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	47.20	47.40	47.10	47.22
Dec	49.90	49.05	48.70	48.90
Feb	50.70	51.10	50.60	50.92
April	48.67	49.07	48.55	48.90
June	52.10	52.20	51.75	51.82
July	52.47	52.65	52.35	52.56
August	51.50	51.70	51.49	51.35
Oct	48.15	48.75	48.10	47.90
Dec	47.20	47.65	47.20	47.30

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.40	64.75	63.95	63.97
March	63.52	63.97	63.25	63.20
May	64.27	64.90	64.10	63.82
July	65.12	65.55	64.85	64.90
August	62.80	63.40	62.70	62.50

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	285.4	286.4	285.0	286.6
March	291.2	291.6	290.4	292.2
May	295.4	296.2	295.0	296.2
July	297.2	298.0	296.4	297.6
Sept	287.4	287.4	287.0	288.4
Dec	280.4	281.6	279.4	281.4
March	288.0	288.0	287.4	—

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	591.2	599.4	589.4	599.4
Jan	602.4	611.4	601.6	611.2
March	616.6	624.0	614.4	623.6
May	627.4	633.0	626.0	636.0
July	631.4	638.0	630.2	639.4
August	631.4	636.0	630.4	638.4
Sept	620.4	622.0	619.4	629.0
Nov	613.4	617.0	613.0	618.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	147.0	149.5	146.4	148.8
Dec	153.1	153.9	152.1	154.4
Jan	155.8	156.8	155.1	157.0
March	160.5	161.5	159.0	161.5
May	164.9	165.5	163.7	166.3
July	168.2	169.5	167.0	169.0
August	166.5	168.0	166.0	168.5
Sept	166.0	—	—	168.0
Oct	166.0	166.0	166.0	166.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	25.16	25.47	25.10	25.57
Dec	24.22	24.40	24.15	24.53
Jan	24.00	24.15	23.90	24.23
March	23.90	24.00	23.78	24.02
May	23.60	23.66	23.57	23.76
July	23.38	23.50	23.35	23.65
August	23.20	23.50	23.20	23.37
Sept	23.00	—	—	23.08
Oct	22.98	22.98	22.95	22.95

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	348.8	349.6	347.0	348.6
March	355.4	356.6	354.2	355.4
May	353.2	354.0	351.6	354.2
July	339.0	338.4	337.0	339.4
Sept	342.4	—	—	343.0

SPOT PRICES—Chicago loose lard 27.00 (same) cents per pound. New York tin 548.0-60.0 (same) cents per pound. Handy and Harman silver bullion 712.0 (709.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

GNP figures boost dollar

The dollar rose to new highs in currency markets yesterday, resuming its upward march after a slight pause earlier this week. News of a 3.6 per cent rise in the U.S. third quarter GNP flash estimate provided sufficient impetus to push the dollar firmer. Market estimates had been revised downwards over the past few days and yesterday's figure was no worse than most expectations.

A combination of steady growth, low inflation and a strong probability of President Reagan's return to the White House for another four years provided an ideal recipe for dollar demand. Signs of a slight softening in U.S. interest rates were largely ignored. The dollar climbed to DM 3.1265 against the D-mark, a new 11½-year high and up from DM 3.0945 on Wednesday. It was at record levels against the French franc, Italian lira and several other European currencies including sterling.

Sentiment was also boosted by expectations of a sharp rise in U.S. M1 money supply, due for release after the close in London. Against the Swiss franc the dollar rose to SwFr 2.5590 from SwFr 2.5340, another 7½-year high and finished at its best level since December 1982 in terms of the yen at Y247.20 from Y245.80. It rose to a record FFr 9.5950 from FFr 9.4950 and L1,929½ from L1,906. On Bank of England figures, the dollar's index rose to a record 143.3 from 142.4.

Sterlings index fell to 76.3 from 76.9, having stood at 76.8 at noon and in the morning. Yesterday's close was the lowest since 1976. Dollar strength pushed sterling to a low of $1.2170 before it recovered to finish at an all time closing low of $1.2210-1.2220, a fall of 1.55c. The pound was also weaker against European currencies as a mood of caution entered the market on fears that fresh sectors of the UK workforce would be used to support the current strike by mineworkers. It fell to DM 3.8225 from DM 3.8300 against the D-mark and SwFr 3.1225 from SwFr 3.1350. Against the yen it fell to Y301.75 from Y303.75 and FFr 11.6975 compared with FFr 11.7600.

D-MARK — Trading range against the dollar in 1984 is 3.1265 to 2.5535. August average 2.8630. Trade weighted index 119.9 against 126.9 six months ago.

The dollar was slightly firmer at yesterday's fixing in Frankfurt at DM 3.0910 from DM 3.0850, and the Bundesbank sold $36.4m at the fixing. There was little evidence of any intervention in open trading. Early trading was quiet ahead of U.S. GNP figures. Sterling was unchanged at DM 3.8260 while the Swiss franc eased to DM 1.2200 from DM 1.2209. The French franc was also lower at DM 32.58 per FFr 100 from DM 32.59. The yen slipped to DM 1.2570 per Y100 from DM 1.2585 but this still left the D-mark below the Y80 level at Y79.55.

FRENCH FRANC — Trading range against the dollar in 1984 is 9.5950 to 7.99. August average 8.8533. Trade weighted index 63.3 against 66.8 six months ago.

The dollar was fixed higher in Paris yesterday at FFr 9.4890 from FFr 9.4720 on Wednesday and rose even further after the release of U.S. GNP figures prompted covering of short positions. The D-mark was also firmer against the franc at DM 3.0689 from DM 3.0687 while the Belgian franc eased to FFr 15.2220 per BFr 100 from FFr 15.2545. The Dutch guilder dipped to FFr 2.7222 from FFr 2.7235 while sterling improved to FFr 11.74 from FFr 11.7310.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2559	+0.79	+0.79	±1.5447
Danish Krone ...	8.14104	8.11964	−0.26	−0.26	±1.6425
German D-Mark	2.24184	2.24338	+0.07	+0.07	±1.0642
French Franc ...	6.87456	6.88618	+0.17	+0.17	±1.4062
Dutch Guilder ...	2.52595	2.52825	+0.89	+0.09	±1.4964
Irish Punt	0.72569	0.722886	−0.39	−0.39	±1.6699
Italian Lira	1403.49	1383.88	−1.40	−1.40	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Sept. 20	Prev. close
Spot	$1.2225-1.2235	$1.2255-1.2270
1 month	0.01-0.08 dis	0.08-0.09 dis
3 months	0.14-0.17 dis	0.22-0.26 dis
12 months	1.50-1.60 dis	1.50-1.60 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Sept 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2170-1.2395	1.2210-1.2220	0.06-0.09c dis	−0.74	0.18-0.22dis	−0.65
Canada	1.6105-1.6341	1.6105-1.6130	0.15-0.22c dis	−1.38	0.49-0.73dis	−1.51
Nethlnd.	4.2850-4.3205	4.3050-4.3150	1-1¾c pm	4.45	4½-4¼ pm	4.18
Belgium	76.38-77.20	76.60-76.70	3c pm-2 dis	−0.08	8 pm-par	0.21
Denmark	13.76-13.84½	13.76-13.77	½-1½ore dis	−0.93	2¼-3¼ dis	−0.90
Ireland	1.2277-1.2363	1.2293-1.2303	0.12-0.29p dis	−2.00	0.49-0.73dis	−1.98
W. Ger.	3.8071-3.8302	3.8175-3.8275	1¾-1½pf pm	5.10	5¾-4½ pm	5.13
Portugal	n/a	196.20-197.05	195-545c dis	−22.58	460-1,200ds	−16.88

Belgian rate is for convertible francs. Financial franc 77.40-77.50. Six-month forward dollar 0.43-0.48c dis. 12-month 1.35-1.50c dis.

THE DOLLAR SPOT AND FORWARD

Sept 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2170-1.2395	1.2210-1.2220	0.06-0.09c dis	−0.74	0.18-0.22dis	−0.66
Ireland†	0.9925-1.0041	0.9925-0.9935	0.15-0.05c pm	1.20	0.40-0.25 pm	1.30
Canada	1.3190-1.3205	1.3195-1.3205	0.07-0.09c dis	−0.73	0.19-0.23dis	−0.64
Nethlnd.	3.4830-3.5280	3.5270-3.5280	1.52-1.49c pm	5.14	4.50-4.46 pm	5.10
Belgium	62.33-63.10	63.00-63.10	6-4c pm	0.95	18-14 pm	1.02
Denmark	11.184-11.310	11.300-11.310	0.75-0.25ore pm	0.53	1.60-1.10 pm	0.48
W. Ger.	3.0860-3.1335	3.1260-3.1270	1.62-1.47pf pm	5.76	4.63-4.58 pm	5.92
Portugal	159.60-161.25	160.75-161.25	150-425c dis	−21.48	400-1150ds	−19.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.40-63.45.

OTHER CURRENCIES

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

* CS/SDR rate for Sept 19: 1.30872

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY MARKETS

UK rates reverse early soft trend

UK interest rates finished at the day's highs yesterday after a fairly relaxed start. News of a 3.6 per cent rise in U.S. GNP pushed the dollar firmer and sterling weaker, while signs of an escalation involving other workers in the miners' strike gave rise for concern.

Short-term rates were kept high as the Bank left a large gap between help given to the market and the published shortage. An even larger shortage is expected today. Three-month interbank money opened at 10⅞-10¾ per cent and rose to 10¹³⁄₁₆-10¹⁵⁄₁₆ per cent at the finish, compared with 10⅞-11 per cent. Rates start today at 10⅞-11 per cent. Three-month eligible bank bills were bid at 10⁹⁄₁₆-10⁷⁄₁₆ per cent compared with 10⁹⁄₁₆ per cent. Overnight interbank money opened at 9¾-10 per cent and touched 10-10¼ per cent before drifting to 9¼ per cent. Demand later in the day pushed rates to 14 per cent bid.

The Bank of England forecast a shortage of around £450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £316m and Exchequer transactions a further £110m. There was also a rise in the note circulation of £15m and banks brought forward balances £15m below target. The Bank gave assistance in the morning of £111m, comprising purchases of £2m of eligible bank bills in band 2 (15-33 days) at 10⅞ per cent and £2m in band 3 (34-63 days) at 10⅝ per cent. In band 4 (64-91 days) it bought £107m of eligible bank bills at 10½ per cent.

Additional assistance was provided in the afternoon of £117m, comprising purchases of £8m of eligible bank bills in band 2 at 10⅞ per cent and £4m in band 3 at 10⅝ per cent. In band 4 it bought £90m of eligible bank bills at 10½ per cent. It also arranged sale and repurchase agreements on £12m of bills at 10¼ per cent, unwinding on September 26. Late assistance came to about £30m, making a day's total of £258m.

In Frankfurt the Bundesbank left its credit policies and key lending rates unchanged after yesterday's meeting of the central council. This was much in line with market expectations following comments made this week by Bundesbank President Karl Otto Poehl which stressed the facility of trying to combat the recent rise by the U.S. dollar.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. September 20)

3 months U.S. dollars

bid 11 7/16	offer 11 9/16

6 months U.S. dollars

bid 11 9/16	offer 11 11/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

FINANCIAL FUTURES

Gilts easier

Gilt prices lost ground towards the end of trading in the London International Financial Futures Exchange yesterday. This reflected sterling's sharp fall against the dollar and other major currencies. The December price opened at 105-28 up from 105-24 and traded up to a high of 106-14 before slipping away in the afternoon to finish close to the day's low of 105-17 at 105-18.

The dollar's strength, which led to sterling's weaker trend, was boosted by news of a 3.6 per cent rise in U.S. third quarter GNP as revealed by yesterday's flash estimate. There may also have been some concern over the possibility of an escalation to the miners' strike by involving other key industrial workers.

Three-month sterling deposits reflected the same sentiment with the December price opening at 89.83 and touching 89.85 before closing at 89.62 down from 89.76 on Wednesday.

In contrast Euro-dollar deposits showed a useful improvement in good volume. A softer trend in cash rates, accelerated by the Fed's addition of reserves improved sentiment and outweighed any fears over a rise in U.S. money supply. The December price opened at 88.87 and closed near to the day's high of 8.93 at 88.92, up from 88.76 on Wednesday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	88.92	88.93	88.75	88.76
March	88.76	88.76	88.59	88.60
June	88.56	88.58	88.47	88.26
Sept	88.35	88.39	88.25	88.04
Dec	—	—	—	87.72

Est. volume 5,589 (4,875)
Previous day's open int. 10,485 (10,734)

U.S. TREASURY BONDS

8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	68-20	68-22	67-25	67-28
March	68-02	—	—	67-08

Est. volume 1,841 (977)
Previous day's open int. 1,535 (1,287)

CHICAGO

U.S. TREASURY BONDS (CBT)

FT-SE 100 INDEX

	Close	High	Low	Prev
Sept	113.10	113.60	112.10	111.90
Dec	112.80	113.55	112.00	111.75
March	112.80	—	—	111.75

Est. volume 717 (491)
Previous day's open int. 1,078 (1,153)

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 19, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted *in foreign currency units per one U.S. dollar except in certain specified* areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the *Financial Times assume responsibility for errors.*

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of September 19 at 11.00 am.
3 months: 11¹¹⁄₁₆ 6 months: 11⅞

ECU=$US7.742 SDR1=$US99212
Sibor as of September 19 at 11.00 a.m.
3 months: 11¹¹⁄₁₆ 6 months: 11¹³⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	8.2154
Algeria	Dinar	5.1152
Andorra	Fr. Franc	9.501
	Sp. Peseta	175.00
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	83.329
Australia	Dollar	1.2028
Austria	Schiling	21.7528
Azores	Port. Escudo	160.05
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.501
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	84.713
Guinea Rep.	Syli	24.8788
Guyana	Dollar	3.76
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.867
Hungary	Forint	49.64
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	428.00
Peru	Sol (o)	3970.60
Philippines	Peso (5)	18.065
Pitcairn Is	N.Z. Dollar	2.0532
Poland	Zloty (O)	123.00
Portugal	Escudo	160.05
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.1601

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 20.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	95½	96	+0⅛	+0½	12.51
All Nippon Airways 14 94	100	109¾	110¼	+0⅛	+0½	12.18
American Savings 12 89	125	96⅝	97⅛	+0¼	+1	12.90
American Sav 12¼ 89	100	97⅝	98⅛	+0¼	+1	12.83
Austria Rep 13⅝ 92	100	102⅞	103⅜	+0¼	+0⅛	12.94
Bank of Tokyo 13⅝ 91	100	101⅞	102⅜	+0¼	+0⅝	13.18
C.N.C.A. 13¼ 91	100	100⅛	100⅝	+0⅛	+0⅜	13.12
Caisse Nat Tele 13¾ 91	100	102⅞	103⅜	−0⅛	+0⅛	12.99
Coastal Int 12⅛ 88	125	98⅝	99⅛	+0⅝	+0¾	12.59
Creditanstalt 13⅛ 91	100	99⅝	99⅞	+0¼	0	13.17
D.N.C. 11¾ 91 WW	50	†92	92½	0	+1	13.66
D.N.C. 11¾ 91 XW	50	†91½	92	0	+0¾	13.73
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Texas Insts Int 11⅞ 91	150	96¾	97¼	+0⅝	+0¾	12.54
Tokyo Met 12⅞ 94	50	98¾	99¼	−0½	0	13.04
World Bank 11⅝ 89	200	95⅞	96⅜	+0⅛	+0⅝	12.53
Yasuda Tst&Fin 12⅝ 89	100	96⅛	96⅝	+0¼	+0⅞	13.35

Average price change On day +0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	100¾	101¼	0	−0⅛	7.34
Amca Int'l 8⅛ 91	100	100¾	101¼	0	−0⅜	8.05
A.N.A.S. 8⅛ 91	150	101	101½	0	−0⅛	8.22
Austria Republic 7⅝ 94	200	98⅛	98⅝	0	+0⅞	7.86
Baxter Travenol 7¼ 94	200	98½	99	−0¼	+0¼	7.43
Credit National 8⅛ 94	200	100½	101	−0⅛	+0¼	8.00
[illegible]						

YEN STRAIGHTS / OTHER STRAIGHTS / SWISS FRANC STRAIGHTS / FLOATING RATE NOTES / CONVERTIBLE BONDS						
[illegible]						

OVER-THE-COUNTER

Continued from Page 36

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
Quotm	4184	12¼	11⅝	12	
R—R					
RAX .01e	355	15½	15¼	15½	+¼
RPM s .56	48	15	14¾	15	+¼
RadSys	146	10½	10¼	10¼	−¼
RadmT	19	9⅛	9	9	−⅜
Radice	90	9	8¾	8¾	−¼
Ragen s	55	4	3⅞	3⅞	−⅛
Rainr 1.76	214	40⅝	40⅛	40⅝	+¼
Ramtek	44	7¼	7	7¼	+¼
RayEn .24	52	15¼	15	15	−¼
[illegible]					
Sykes	740	2½	2¼	2¼	
SymbT	533	8	7¾	8	+⅛
Syncor	15	4⅜	4¼	4¼	−¼
Syntech	1448	9⅞	8⅞	9¾	+½
Syntrex	88	4½	4⅜	4⅜	
Syscon .24	111	15½	15¼	15¼	−¼
SyAsoc	7	21	20½	21	
Systin	108	6½	6	6½	
Sysintg	18	10½	10¼	10½	
SystGn s	1	7¾	7⅞	7¾	−⅛
Sysml s .03	152	13½	13	13¼	−¼
SCT Cp	475	27¼	26½	26¾	−¼
[illegible]					
Xicor	946	10¾	10¼	10⅜	
Xidex	1874	16¾	16	16½	
YlowFr 1	503	32⅝	30¾	31	−1⅝
ZenLbB	83	17¾	17	17¼	−¼
Zentec	30	3¼	3⅛	3⅛	
Ziegler .44a	92	12¼	12	12¼	
ZionUt 1.24	104	33¾	33¼	33¾	
Zitel	6	6⅞	6½	6⅞	+¼
Zyad	35	11⅞	11⅛	11¼	
Zondun .34	10	15¼	15	15	
Zymos	284	3⅛	2⅞	2⅞	
Zytrex	384	4½	4⅜	4⅜	−⅛

CAPITAL MARKETS

Chevron's issue for $600m breaks corporate record

BY MAGGIE URRY IN LONDON

NEW ISSUES flooded into all the main sectors of the Eurobond market yesterday, with the long-awaited Chevron issue opening the sluice gates in the Eurodollar market.

Chevron's $600m issue is the largest fixed-rate deal yet for a corporation, although the Canadian Government once made a $750m issue. Deutsche Bank set the terms on the five-year deal to yield 36 basis points less than U.S. Treasury securities with a 12¼ per cent coupon and 99% price. Dealers were a little dismayed by the coupon, and by a call option after three years at 100⅞, falling to 100% after four years. Managers reported sales of the bonds at a 1¾ point discount to the issue price, inside the total fees of 1⅞ per cent. Dealers however, reported little interest.

Weyerhaeuser, the U.S. timber group, launched a $150m warrants deal, with Morgan Stanley the lead manager. The bonds have a three-year life and a 12¾ per cent coupon and were priced at par. The three-year warrants are exercisable into seven-year bonds with a 12½ per cent coupon, also at par.

The warrants proved popular, jumping from their $18½ price to touch $28 before settling to a $25 level. The interest in the warrants encouraged stripping, so depressing the bonds which traded down to 98%.

Morgan Guaranty brought a $75m issue for IC Industries a less good credit than Chevron or Weyerhaeuser. The coupon was a juicier 13⅛ per cent on the seven-year deal — a spread of 115 basis points over equivalent U.S. Treasury securities. Dealers would have preferred a better name and a lower coupon, and the issue was bid just inside the total 1⅞ per cent fees.

Hokuriku Electric Power, one of the much prized Japanese utilities, brought a $50m deal through Yamaichi International (Europe). The five-year bonds carry a 12¼ per cent coupon and were priced at 99¾. With strong demand from the Far East, the issue went well and traded comfortably inside the 1⅞ per cent total fees, though outside the 1¼ per cent selling concession. Co-leads are Goldman Sachs and IBJ International.

Recent new Eurodollar issues continued to improve yesterday, following the strong New York performance, while seasoned issues made gains of around ¼ point.

IHF Bank bond average		
Sept 20		Previous
100.501		100.387
High	1984	Low
100.501		98.058

In the sterling market, the European Investment Bank's £100m 10⅜ per cent 2004 bulldog issue attracted applications for perhaps as much as eight times that amount. Small applications (under £36,000) will be allotted in full; £37,000 to £340,000 will be scaled down to £36,000; and applications for over £345,000 worth will get 10.6 per cent of the amount applied for, rounded up to the nearest £100. Dealings begin today.

The D-Mark Eurobond market saw a six-year DM 100m issue from Export Development Corporation, effectively a Canadian Government risk, which had the lowest coupon, 6⅞ per cent, set since January 1983. Deutsche Bank is the lead manager and the issue price is par. Despite the low coupon — a full point lower than recent offerings — the issue traded well, close to par.

Although heavy demand was reported for the issue, its warm reception may have been aided by the lead manager's use of control numbers on the bonds, which allows it to detect responsibility for any dumping of the bonds.

The D-Mark bond market was firmer with prices rising by ¼ to ½ point, on the back of a strong domestic bond market. The DM 200m 10-year issue for Rabobank Nederland is expected to have a 7⅛ per cent coupon and par issue price.

The Swiss franc foreign bond market was also deluged with new paper. SBC launched a SwFr 150m public issue for Hydro Quebec, a well-known name, with a six-year life, 5⅝ per cent coupon and par issue price.

UBS is privately placing a SwFr 200m issue for Sweden. The five-year bonds have a 5⅝ per cent coupon and 99⅞ issue price. Also lead managed by UBS, a private placement of SwFr 125m was launched for Ford Credit Canada. That, too, has a five-year maturity, but a 5½ per cent coupon with a 100¼ issue price.

The Swiss franc bond secondary market rose yesterday, with prices up by ¼ point, encouraged by the better New York trend.

WEEKLY U.S. BOND YIELDS (%)

	Sept 12	Sept 5	1984 High	1984 Low
Composite Corp. AA	12.69	13.30	14.23	12.19
Government:				
Long-term	12.03	12.72	13.89	11.81
Intermediate	12.26	12.94	13.79	11.33
Short-term	11.87	12.48	13.22	10.70
Municipal	n. a.	10.12	11.14	9.48
Industrials AAA	12.17	12.67	13.66	11.79
Industrials AA	12.58	13.21	14.13	12.02
Utilities AA	12.79	13.40	14.45	12.33
Preferred Stocks	11.61	11.71	12.17	11.07

Source: Standard & Poor's

هكذا صدر الأصل